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ABSTRACT

This review, requested by the Florida Legislature, answers six questions about Miami-Dade County School District's land acquisition practices. The six questions are: (1) Does the district effectively identify its facility needs and plan for those needs? (2) Does the district acquire the land it needs? (3) Has the district adopted land acquisition processes needed to ensure that it acquires land at reasonable prices? (4) Does the district construct cost-effective facilities? (5) Can the need for construction be limited by more efficient use of existing facilities? (6) Can the district raise extra local revenue to support its construction program? The review's findings indicate that, while the district is generally effective in identifying its facility needs, it has not acquired the land it needed because it often did not use the five-year construction plan to guide its acquisitions, nor has it established procedures to help ensure it pays reasonable land prices. The findings conclude that the district is capable of raising adequate funds for new facilities and land without raising taxes or obtaining additional state funding. Appendices contain information on: (1) 16 new schools that were delayed because of problems with site acquisition; (2) construction project budgetary data; (3) six new schools that may be eligible for school infrastructure thrift awards; (4) Miami-Dade County policy options that could enable the district to increase use of existing facilities; (5) fiscal resources available to the county to help it fund its facility needs; (6) the history of land acquisition for Ferguson High School; (7) the questions raised by the Senate Appropriations Education Subcommittee; (8) the district's response; and (9) current land acquisition practices. (GR)

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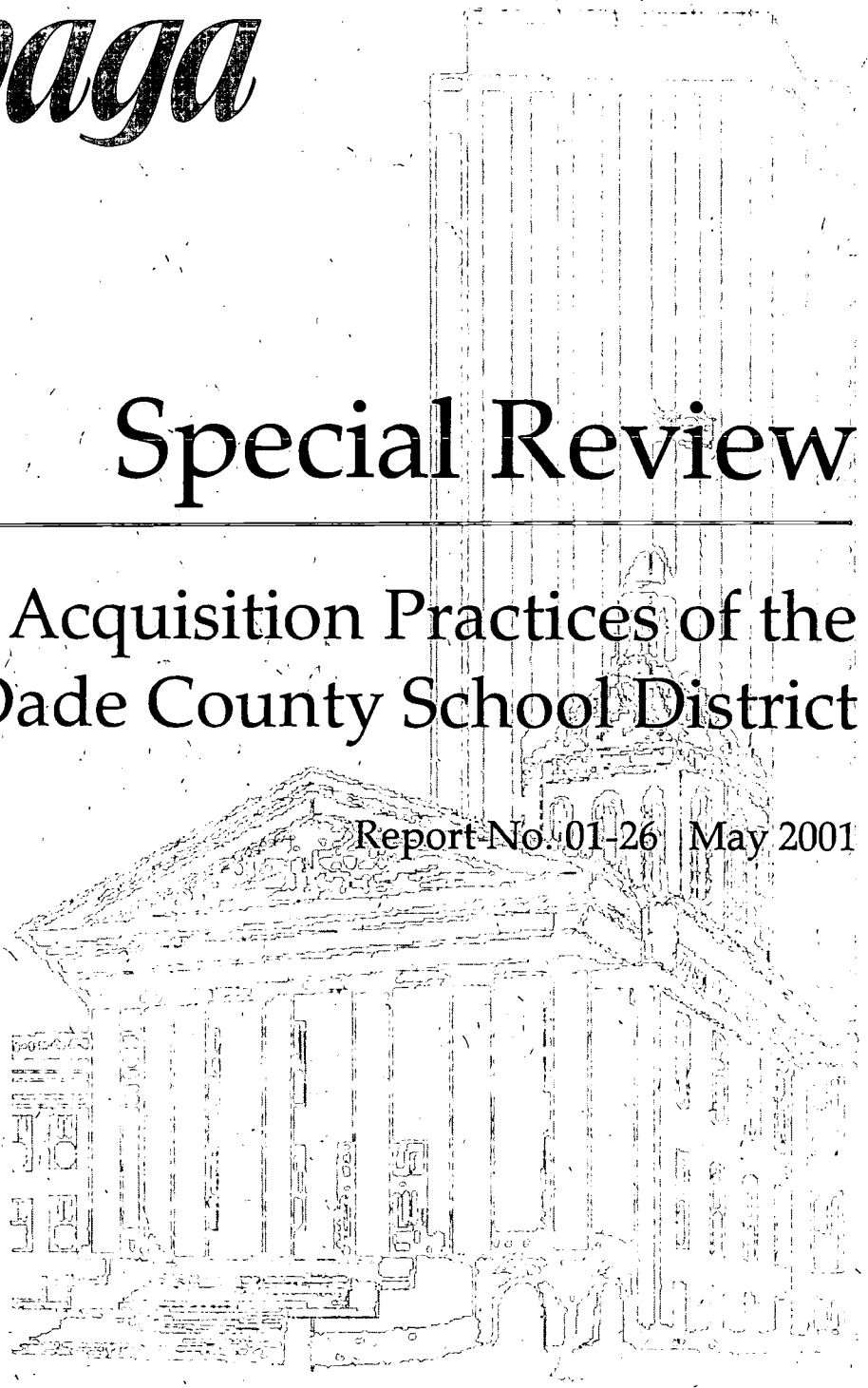

Special Review

Land Acquisition Practices of the Miami-Dade County School District

Report No. 01-26 | May 2001

Office of Program Policy Analysis and Government Accountability

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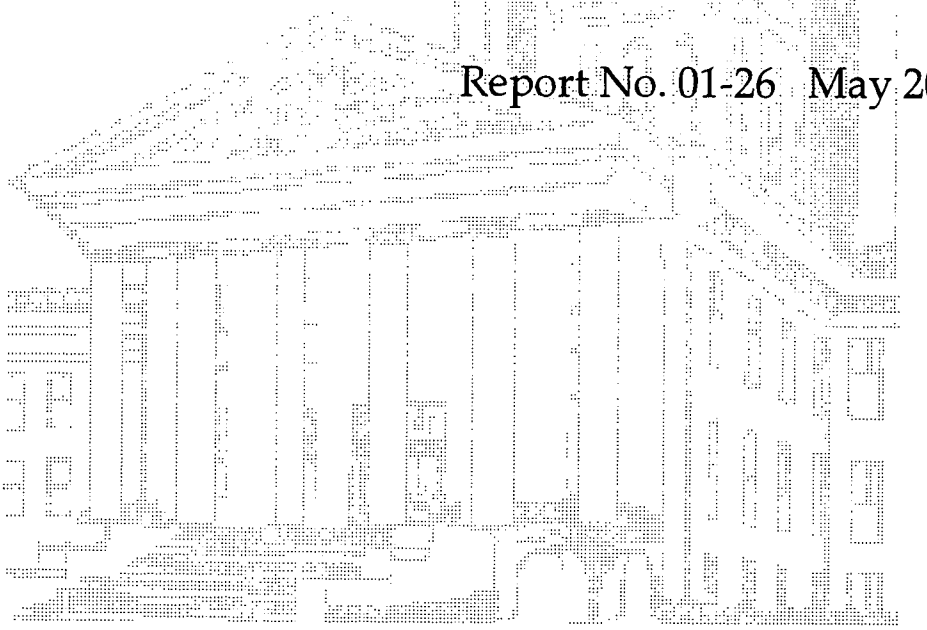

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The Florida Legislature

OFFICE OF PROGRAM POLICY ANALYSIS AND GOVERNMENT ACCOUNTABILITY

John W. Turcotte, Director

May 2001

The President of the Senate,
the Speaker of the House of Representatives,
and the Joint Legislative Auditing Committee

The 2000 Legislature directed the Office of Program Policy Analysis and Government Accountability to review the land purchasing practices of the Miami-Dade County School District. The results of this review are presented to you in this report. Curtis Baynes and John Hughes conducted this review under the supervision of Jane Fletcher.

We wish to express our appreciation to the staff of the Miami-Dade County School District for their assistance.

Sincerely,

John W. Turcotte
Director

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Executive Summary

Special Review of the Land Acquisition Practices of the Miami-Dade County School District

Purpose

The 2000 Legislature directed OPPAGA to review the Miami-Dade County School District's land acquisition practices. In carrying out this project, OPPAGA contracted with MGT of America, Inc., to analyze the district's construction and land acquisition practices. OPPAGA also received assistance from the Auditor General's Office. The review addresses six questions.

- Does the district effectively identify its facility needs and plan for those needs?
- Does the district acquire the land it needs?
- Has the district adopted land acquisition processes needed to ensure that it acquires land at reasonable prices?
- Does the district construct cost-effective facilities?
- Can the need for construction be limited by more efficient use of existing facilities?
- Can the district raise extra local revenue to support its construction program?

In addition, we identified one other concern with the district's educational facilities impact fee.

Conclusions

Does the district effectively identify its facility needs and plan for those needs?

With over 368,000 students and averaging 8,750 new students each year, the Miami-Dade County School District is facing substantial overcrowding and the need for new school facilities to meet its growth. The district estimates that it needs over $1.6 billion in new facilities. There are several options available to the district for better meeting its facility

needs. While the district generally is effective at identifying its facilities needs, it can improve its planning process by

- ensuring that all priority projects are included in the five-year plan,
- limiting changes to the plan that are not supported by identified needs and priorities, and
- developing a broad-based facility planning committee to help identify and develop priorities for the district's construction needs.

Does the district acquire the land it needs?

The district's land acquisition office frequently has not acquired the land it needed because it often did not use the five-year construction plan to guide its acquisitions. This resulted in two problems.

- The land needed for high priority projects often is not available when the projects are scheduled.
- Land acquisition staff sometimes acquires lands for which the district has little need.

Has the district adopted land acquisition processes needed to ensure that it acquires land at reasonable prices?

The district has not established good land acquisition procedures to help it ensure that the prices it pays for land are reasonable. In particular,

- the district does not have an effective process to establish the market value of land,
- the district discloses information that weakens its negotiating position with landowners, and
- the district has not exercised effective oversight of the land acquisition office.

Does the district construct cost-effective facilities?

The district builds cost-effective schools. Since 1997, the construction program has implemented procedures to help the district control construction costs. While the district previously experienced significant cost overruns, in recent years, it has kept construction costs within budget as well as below the statewide average. Moreover, the district has also built several school facilities that may qualify for School Infrastructure Thrift (SIT) awards.

Can the need for construction be limited by more efficient use of existing facilities?

The district has several policy options that could reduce the need for new facilities and land without raising taxes or obtaining additional state funding. Depending upon which options it chooses, the district could meet from $1.5 billion to $1.8 billion in additional facility needs. These options are summarized in Appendix D and include

- creating split or double sessions;
- converting to a year-round calendar;
- making more efficient program decisions;
- changing school boundaries; and
- developing satellite schools or branch campuses.

Can the district raise extra local revenue to support its construction program?

The district could raise $1.1 billion to $2.9 billion in local revenue to meet its facility needs without additional state funding in two ways:

- obtain additional bonding authority and raise the millage for debt service to as much as 2.185 mills and
- increase sales surtaxes by up to one-and-one-half cents.

Either of these options would require voter approval and likely would need to be coordinated with other local governments. These options are summarized in Appendix E.

Are there any concerns with the Miami-Dade County's educational facilities impact fee?

We believe that the Miami-Dade County School District and county government should conduct an independent review of the county's educational facilities impact fee along with the district's practices relating to its contributions in addition to those impact fees. Furthermore, if the study finds that the amount of the educational facilities impact fee is not sufficient to pay the infrastructure costs associated with development, the county and the school district should seek to change the basis on which the impact fee is calculated. Finally, the review should also assess the Miami-Dade County School District's policies relating to educational impacts for those developments that are estimated to exceed district costs to ensure that developers and the district are treated equitably.

Recommendations

Improving facility planning and performance accountability

To improve the planning and accountability processes and reduce the district's dependence on the availability of land, we recommend three actions.

- The school board should establish a facilities planning committee that includes a broad base of school district personnel, parents, construction professionals, and other community stakeholders.
- The district should establish performance measures for the planning and land acquisition functions.
- The district should institute a formal process to evaluate alternatives to new school construction including, but not limited to, double sessions, year-round schools, and branch campuses.

Improving land acquisition practices

To help the district acquire the land it needs at reasonable prices, we recommend three actions.

- The district should better integrate the land acquisition function into the facility planning and construction practices.
- The district school board should institute a policy that requires an appraisal review when the district receives divergent appraisals.
- The land acquisition office should provide full information to the school board on all potential purchases, including information about the estimated additional costs needed to make the land usable and the

estimated value given by all of the appraisals the district obtained on the property.

Improving the district's public credibility

To begin improving the district's public credibility, we recommend three actions.

- The Legislature should require the Miami-Dade County School District to receive a Best Financial Management Practice Review.
- The district should apply for school Infrastructure Thrift Awards for all new schools that qualify for such awards.
- The district, in consultation with Miami-Dade County, and various stakeholders, should review the county's formula for calculating the impact on educational facilities of new development in Dade County.

Agency Response

The superintendent of the Miami-Dade County School District provided a written response to our preliminary and tentative findings and recommendations. (See Appendix H, page 43.)

Chapter 1

Introduction

Purpose

The 2000 Legislature directed OPPAGA to review the Miami-Dade County School District's land acquisition practices. In carrying out this project, OPPAGA contracted with MGT of America, Inc., to analyze the district's construction and land acquisition practices. OPPAGA also received assistance from the Florida Auditor General. The review addresses six questions.

- Does the district effectively identify its facility needs and plan for those needs?
- Does the district acquire the land it needs?
- Has the district adopted land acquisition processes needed to ensure that it acquires land at reasonable prices?
- Does the district construct cost-effective facilities?
- Can the need for construction be limited by more efficient use of existing facilities?
- Can the district raise extra local revenue to support its construction program?

In addition, we identified one other concern with the district's educational facilities impact fee. On Thursday, April 5, 2001, we presented our preliminary and tentative findings to the Senate Appropriations Education Subcommittee. Answers to questions raised at that time by committee members are provided in Appendix G, page 39.

Background

The Miami-Dade County School District is the fourth largest school district in the country. In fall 2000, the district had 368,123 students enrolled in 203 elementary schools, 56 middle schools, and 34 high schools. From 1996 to 2000, Miami-Dade's growth of 27,003 students was second to the Broward County School District, which added 32,504 students during the same time. Miami-Dade's growth rate of 7.9% made it the nineteenth fastest growing school district in the state. Currently, the district averages about 8,750 new students per year.

The district's current five-year construction plan includes proposed funding of $355 million for five new elementary schools and primary learning centers, five new middle schools and middle learning centers, and eight new high schools. However, as shown in Exhibit 1, the district estimates additional facility needs of $1.618 billion.

Exhibit 1
Miami-Dade County School District Estimates Facility Needs of About $1.618 Billion Above Current Funding Levels

	Cost (Millions)
Replace 1,536 portables	$ 561
Construction and renovations not already funded on the work plan	519
Replace all facilities older than 50 years	296
Achieve a student to teacher ratio of 20:1 in K-3	241
Total	$1,618

Note: Total does not add due to rounding.
Source: Miami-Dade County School District.

In July 2000, a Miami-Dade County Grand Jury reported that the district's facilities are seriously overcrowded. According to the grand jury's report, this occurs because the district is not receiving a fair share of the state funding available for school construction for two reasons.

- The state does not allocate enough money through its Public Education Capital Outlay (PECO) program to adequately fund school construction.
- The formula for allocating PECO funds is based on factors such as birthrates and migration and therefore handicaps school districts, such as Miami-Dade, whose growth is fueled by immigration.

The grand jury recommended that the county's legislators seek an increase in PECO funding or change the state's allocation formula. If the Legislature did not respond, the grand jury recommended that the Miami-Dade County School District file a lawsuit against the State of Florida for its failure to comply with the Florida Constitution's mandates relating to its duty to make adequate provisions for a high quality public education.

State funding for school districts

Florida's constitution requires the state to make adequate provision for a uniform, efficient, safe, secure, and high quality free public school system that allows students to obtain a high quality education.

The Legislature has provided for a number of funding programs for school district operations and construction. The principal source of operational funds is the Florida Education Finance Program (FEFP) which allocates state funds for general school operations based on the number of students enrolled in the district after adjusting for unique student needs. [1]

The Legislature provides two principal sources of funds for district capital outlay needs. Probably the best-known source is the Public Education Capital Outlay (PECO) program. The state also provides Effort Index Grants to school districts that meet certain local capital outlay effort criteria. [2]

Local funding options

To accommodate the unique needs of each district, Florida law gives local school boards the authority to levy up to 10 mills in ad valorem taxes on real property. Districts may use up to 2 mills of the ad valorem tax for capital outlay projects. Miami-Dade levies all of this two-mill tax.

In addition, the Legislature authorizes school boards to seek voter approval to fund school construction from one or more of the sources described below.

- **General obligation bonds secured by ad valorem taxes.** The millage necessary to pay the debt service on the bonds is excluded from the district's 10-mill cap. Voters in Miami-Dade approved a $980 million bond in 1988. [3]
- **A 0.5% sales tax, called the School Capital Outlay Surtax.** While seven school districts levy this tax, the Miami-Dade County School District does not.
- **A 1% sales tax, called the Local Government Infrastructure Surtax.** This surtax is not for the exclusive use of school districts, but may be shared among local governing bodies through an interlocal agreement. Currently, 27 counties levy this tax, and 7 of them share part or all of the proceeds with their school districts. The Miami-Dade County government does not levy this tax.

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[1] One student enrolled in an FEFP program full-time is considered one full-time equivalent (FTE). FEFP funding is based on the number of FTEs adjusted for the varying program needs of each district. For Fiscal Year 2000-01 FEFP provides $6.7 billion to the state's school districts.

[2] The specific conditions for which Effort Index Grants are awarded are set out in s. 235.186(1), *Florida Statutes*.

[3] Proceeds from the bond have been spent or encumbered. In Fiscal Year 2000-01, 0.915 mills are needed to fund the debt service on the bond.

District governance

Each of Florida's 67 counties constitutes a school district governed by a district school board. The Miami-Dade County School Board is elected from nine single-member districts and operates, controls, and supervises all public schools within the school district. The board appoints the school superintendent, who serves at its pleasure. Roger C. Cuevas is the current superintendent. Exhibit 2 shows the current board members and the expiration of their terms.

Exhibit 2
Miami-Dade County School District Members

Board Members	Term Expires November of Year
Perla Tabares Hantman (Chair, 2000-01)	2002
Dr. Marta Perez	2002
Manty Sabates Morse	2002
Dr. Solomon Stinson	2002
Dr. Robert B. Ingram	2004
Dr. Michael M. Krop (Vice Chair, 2000-01)	2004
Betsy H. Kaplan	2004
Jacqueline V. Pepper (succeeded G. Holmes Braddock who retired in 2000)	2004
Demetrio Perez, Jr.	2004

Source: Miami-Dade County School District.

District resources

The Miami-Dade district's budget for Fiscal Year 2000-01 is $3.9 billion. The district employs about 18,000 teachers, 8,000 professional and support staff, 35,000 workers, 1,600 counselors, and 1,400 administrators. Each year, to keep up with its growth, the district hires an average of an additional 450 teachers, 93 assistants, 144 support people, 862 skilled and unskilled workers, and 33 administrators.

The district receives 9% of its revenue from the federal government, 37% from local sources such as property taxes, and 54% from the state. In Fiscal Year 2000-01, the FEFP will provide about $1.2 billion in operational funds for the Miami-Dade County School District.

Also for Fiscal Year 2000-01, the district's capital improvement revenue is about $335 million. This revenue may be used for site acquisition, new construction, renovations and remodeling, plant equipment, and motor

vehicles and buses. Exhibit 3 below summarizes the sources of the district's capital outlay revenue for Fiscal Year 2000-01.

Exhibit 3
Most Construction Revenue Comes from Local Sources

Source of Construction Revenue	2000-01 Fiscal Year	Percentage of Total
State Sources		
Public Education Capital Outlay (PECO)	$ 50,390,034	15%
Effort Index Grants	53,091,628	16%
- Other	2,937,269	1%
Total State Revenue	$106,418,931	32%
Local Sources		
Optional Two-Mill Levy	$ 185,875,793	55%
Interest on Investments	27,079,000	8%
Impacts Fees	15,750,912	5%
Total Local Revenue	$228,705,705	68%
Total Revenues	$335,124,636	100%

Source: Executive Summary, *Budget 2000-2001,* Miami-Dade County Public Schools.

Chapter 2

Questions and Answers

Does the district effectively identify its facility needs and plan for those needs?

The district is generally effective at identifying its facilities needs, but can improve its planning process.

The district has a generally effective process for identifying school facility needs. As required by state law, the district identifies its facility needs every five years in its Educational Plant Survey. The plant survey entails a complete physical inspection of every facility in the district. The district uses information from the survey to develop a list of recommendations for renovations, remodeling, and new construction.

From the list of needs in the plant survey, the district identifies its priority projects. Normally the process of developing priorities begins with principals and regional superintendents, who review the needs of their schools and offer recommendations to the district's school operations office. The school operations office, with technical advice from the construction program, will then recommend construction priorities to the superintendent. The superintendent adjusts the priorities and makes a recommendation to the school board, which reviews and approves the final list of priority projects. This list becomes the district's five-year work plan. The district places the highest priorities in the first two years of the plan and lower priorities the later years.

Although it is generally effective in identifying its needs, the district can improve its planning process by

- ensuring that all priority projects are included in the five-year plan,
- limiting changes to the plan that are not supported by identified needs and priorities, and
- developing a broad-based facility planning committee to help identify and develop priorities for the district's construction needs.

High priority needs omitted from work plan

The district's five-year work plan does not reflect all known high-priority needs. A 2001 grand jury reported that the district's schools had been cited for fire code deficiencies in 1999. The district added $30 million in the first year of the 2000-01 work plan to correct some of the fire code deficiencies. However, it did not add more money in the later years of the five-year plan, even though district staff estimated that another $120 million would be needed. District staff excluded these costs from the plan because they did not have final cost estimates. Instead, staff intend to place the remaining fire code projects in the 2001-02 work plan.

By not including their estimates of the costs of fire code projects in the later years of the 2000-01 work plan, the district has overstated the number of capital projects it will be able to fund within the next five years. This undermines the integrity of the planning process and raises false hopes about what the district will be reasonably able to accomplish within that time period.

Some projects are not supported by needs assessment

Changes to the construction plan are not always supported by identified needs and priorities. Some projects are requested by individual board members. These board member projects bypass the normal prioritization process. Rather than moving up from the regions and through the school operations office, these projects move down from the individual board members to staff and back up to the board as a whole. In 2000-01, the board added to the five-year plan seven projects that were requested by individual board members. Exhibit 4 lists these seven projects. Only one of these member projects was identified as needed in the 1998 plant survey; and, despite severe classroom overcrowding, two of the projects involved replacing gymnasiums. Furthermore, the cost of these low-priority member projects was significant, accounting for about $97 million or over one-third the cost of all new projects.

Exhibit 4
Board Members Requested Adding $97 Million in Projects to the 2000-01 Work Plan

School	Project	In 1998 Plant Survey	Cost
South Dade Senior	Replace current school	No	$50,550,000
Miami Beach Senior	Renovation of six buildings	No	24,401,804
Miami Norland Senior	New gymnasium, replace old	No	10,500,000
Miami Palmetto Senior	New gymnasium	No	5,000,000
Miami Senior	Gymnasium renovation	No	3,250,000
Miami Beach Senior	Food shelter and HVAC for gym	No	1,740,392
Biscayne Elementary	Add a Primary Learning Center	Yes	1,610,000
Total			$97,052,196

Source: OPPAGA analysis of Miami-Dade County School District five-year work plans and plant survey.

Broad-based facility planning committee needed

The district does not have a broad-based facility planning committee. The district currently has a Planning and Construction Committee consisting of three board members. The committee takes its name from the Planning and Construction Department and not from the function it provides. The board's Planning and Construction Committee is not involved in the planning process. The Planning and Construction Committee reviews and makes recommendations to the full board about board items relative to the Planning and Construction Department. However, the board's Planning and Construction Committee is not broadly based and does not contain school administrators, teachers, parents, or other community representatives.

The lack of a broad-based facility planning committee weakens the district's ability to set and maintain priorities that can garner broad, community-based support for its long-range priorities and plans. Without that support, the district will have difficulty setting and maintaining long-term priorities and obtaining public confidence in its school planning and construction efforts. Without this confidence, as discussed further on page 26, the district may have difficulty persuading voters to give it the resources it needs to address its facility needs.

Does the Miami-Dade County School District acquire the land it needs?

The district's land acquisition office frequently has not acquired the land it needed because it often has not effectively used long-range planning to guide its acquisitions.

Given the highly urban nature and rapid growth of the county, the district has trouble finding land tracts of sufficient size to accommodate traditionally designed schools. A reasonable strategy for dealing with this situation would be to identify those areas in which growth is likely to occur over the next five years and to purchase sites within these areas while they are still available.

However, district land acquisition staff tended to wait to until only two to three years before the land is needed to acquire it. This reduced the likelihood that the district could find land that met its highest priority needs and likely increased the cost it paid for the land.

Because of the difficulty they have in finding land to meet the needs identified on the five-year work plan, land acquisition staff focused their efforts on acquiring sites that were readily available. This resulted in two problems.

- The land needed for high priority projects often is not available when the projects are scheduled.
- Land acquisition staff sometimes acquired lands for which the district had little need.

New school projects frequently delayed

When the district has not obtained the land needed for its priority projects, it has had to delay projects. As shown in Exhibit 5, over the last two fiscal years, the district delayed 37 new schools comprising more than half of its construction budget. Although several factors contribute to delayed projects (see Exhibit 5), 16 new school projects (43% of school delays) resulted from lack of an available site on which to build the school. Seventeen others (almost 46%) were delayed because the district had not made a decision about where to place the school in time to initiate construction as planned. See Appendix A, page 31, for a list of the 16 schools delayed because of problems with site acquisition.

Exhibit 5
Many Schools Were Delayed By Problems with Land Acquisition

Reason for Delay	1998-99 to 1999-00	1999-00 to 2000-01	Total
Pending Land Acquisition[1]	13	3	16
Pending Siting Decision	17	0	17
Other Delays[2]	3	1	4
Total	33	4	37

[1] Nine schools were delayed across two consecutive plans and are not included in the 1999-2000 to 2000-01 totals. (See Appendix A.)

[2] Four projects were delayed for a variety of reasons including changes in design or problems with the contractor or architect.

Source: OPPAGA analysis based upon review of Miami-Dade County School District five-year work plans.

When the district delays construction projects, it frequently substitutes lower priority projects for which land is available or that do not require land. As shown in Exhibit 6, about one-third of the projects on the district's work plans are lower priority projects that have been moved up on the construction schedule or added to the plan. Thus, the failure of the land acquisition function to obtain land that is needed for priority projects has undermined the district's planning process.

Exhibit 6
Less Than One-Half of Construction Projects Are Maintained or Advanced as Scheduled

	1998-99 to 1999-00		1999-00 to 2000-01	
	Number of Projects	Percent	Number of Projects	Percent
Maintained or completed as planned	44	34%	58	41%
Advanced from out-years	3	2%	12	9%
Added to plan	43	34%	43	30%
Delayed	33	26%	27	19%
Cut from plan	5	4%	1	<1%
Total	128	100%	141	100%

	1998-99 to 1999-00		1999-00 to 2000-01	
	Cost (Millions)	Percent	Cost (Millions)	Percent
Maintained or completed as planned	$200	21%	$185	17%
Advanced from out-years	82	9%	154	14%
Added to plan	115	12%	234	22%
Delayed	538	57%	503	47%
Cut from plan	2	<1%	3	<1%
Total	$937	100%	$1,079	100%

Note: Includes only projects designated for a specific school. Districtwide projects are not included.
Source: OPPAGA analysis based upon review of Miami-Dade County School District plans.

Furthermore, the priority projects most frequently delayed are new school projects, which are the ones most needed to meet the district's needs for new classroom space. Exhibit 7 shows the number of school stations the district did not build as a result of delayed projects. This exacerbates the district's inability to relieve school overcrowding.

Exhibit 7
Between Fiscal Years 1998-99 and 2000-01, the District Cut or Delayed the Construction of Almost 25,000 Student Stations

	Number of Student Stations		
	1998-99 to 1999-00	1999-00 to 2000-01	Total
Added to Plan	4,937	1,528	6,465
Accelerated on Plan	3,160	11,747	14,907
Total Added	8,097	13,275	21,372
Delayed on Plan	(37,467)	(5,700)	(43,167)
Cut	(2,540)	(280)	(2,820)
Total Lost	(40,007)	(5,980)	(45,987)
Net Gain or Loss	*(31,910)*	*7,295*	*(24,615)*

Note: Number of student stations lost between 1999-00 and 2000-01 does not include projects that were delayed two consecutive years. Those projects are counted once for 1998-99 and 1999-00.

Source: OPPAGA analysis based upon review of Miami-Dade County School District plans.

Some sites are not immediately needed

The district's practice of buying available land instead of seeking sites that relate directly to the five-year work plan has resulted in acquiring sites it does not immediately need. We identified an immediate need as any facility set out in the five-year work plan. The district has purchased at least three sites at a cost of $4.1 million that were not included in the five-year work plan. In its review of land acquisitions, MGT of America, Inc., requested all information regarding these three properties that were purchased by the district. The information provided by the district failed to reflect any analyses regarding these purchases. MGT concluded that the three sites had been purchased with little or no analysis of need.

- In April 1999, the district purchased the Sandman Nursery for $800,000. According to MGT, the school board's agenda noted that the property could be used for horticultural related studies. However, the district's work plan did not include this facility, and MGT did not find any analyses regarding the need for the land or the program.
- In November 1999, the district purchased 25 acres of undeveloped land for $1.850 million (i.e., $74,000 per acre). Because the land is located within four blocks of the 30 acres purchased for state school VV1, (a planned middle school) and 10 acres for W1, (a planned elementary school) it is not likely to be used as another elementary or middle school. MGT reports that the district staff feels the site could potentially be sold in the future for a profit. The district reports it may be able to use the land for an ancillary facility such as a transportation center.
- In January 2000, the district purchased the South Dade Adult Learning Center for $1.526 million. The district was leasing the site at the time of purchase. According to MGT, district records provided little analysis of leasing versus buying or the long-term need for the Adult

Education program. Minutes of the Management Team reflect a discussion that the building could be used for alternative purposes should the adult program cease to be viable. However, these alternative uses are not identified, nor is their any discussion regarding the fact that this purchase was not identified in the five-year work plan. Consequently, we were unable to determine what assumptions, considerations, or other factors the district made to determine the relative cost of leasing versus buying the property, or the district's long-term need for the property.

Land purchases should be based on identified long-term needs and strategies. In the absence of a need or strategy, these purchases reduce the funds that could be used for high priority projects.

Has the district adopted land acquisition processes to ensure that it acquires land at a reasonable price?

The district has not established good land acquisition procedures to help it ensure that the prices it pays for land are reasonable. In particular,

- **the district has not had an effective process to establish the market value of land,**
- **the district disclosed information that weakened its negotiating position with landowners, and**
- **the district has not exercised effective oversight of the land acquisition office.**

Ineffective process for determining market value

The district has not established an effective process for determining the market value of land to be purchased.[4] Market value is typically established through an appraisal process that evaluates sales of comparable properties in the area of the land to be purchased. Most property the district acquires costs more than $500,000 and requires two appraisals to determine the market value of the land. When using two appraisals, the district averages the appraisals and uses the average as the property's appraised value which sets the parameters for its negotiations.

[4] Market value is the most probable price that a specified interest in real property is likely to bring under a variety of conditions. *The Appraisal of Real Estate* (eleventh edition), Appraisal Institute®, 875 North Michigan Avenue, Chicago, Illinois 60611-1980 (1996: 23-24). There are other definitions of "market value" but they all embody this concept in one form or another. For example, see *Uniform Standards of Professional Appraisal Practice* (2000 Edition), Appraisal Standards Board of the Appraisal Standards Foundation, 1029 Vermont Avenue, NW, Suite 900, Washington, DC 20005-3517, or the Office of the Comptroller of the Currency (*Federal Register* (55:165, p. 34696), August 24, 1990).

Because appraising is not an exact science, multiple appraisals for the same property can result in different appraised values, particularly when land has unique properties or is situated in difficult, complex areas. The appraiser working in such an area must make a number of judgments during the appraisal process that can significantly affect the appraised value. These judgments include deciding what is the highest and best use for the property; what are the applicable restrictions on its use; what are the likely storm water requirements; and what is the property's access to roads, water, and sewers.

When land acquisition entities receive different appraisals for the same tract of land, good appraisal practices involve obtaining, on staff or by contract, an experienced appraisal reviewer to determine the causes of differences. However, the district does not have a process in place to identify the causes of divergent appraisals.

Instead, the district has requested that appraisers review their appraisals when district staff considered an appraisal to be too low. If an appraiser declined to revisit the appraisal, the district may have discarded the appraisal and sought a replacement appraisal. In practice, the district disregarded only those appraisals that staff believed were lower than they should be.

For example, we identified two cases in which district staff discarded one or more appraisals. In the first case, in July 1999, the district agreed to pay $116,500 per acre for 60 acres ($6.990 million) for Ferguson High School (school 'PPP'), for which the sellers paid about $4.680 million during the 18 months prior to the district's acquisition. Subsequently, by January of 2000, one of the sellers of the PPP site acquired 45 acres across a future street from the PPP site for $81,600 to $95,000 per acre. In 1998 the district received two appraisals for 50 acres of the eventual 'PPP' site (Ferguson High School). Those appraisals were for $65,000 per acre ($3.250 million) and $92,200 per acre ($4.610 million). In 1999, the district appraised the full 60-acre parcel for $75,000 per acre ($4.5 million) and $94,333 per acre ($5.660 million). The $75,000 per acre appraisal was discarded and a new appraisal was commissioned. It appraised the land at $110,000 per acre ($6.6 million). The school board agenda item recommending the purchase includes only the $94,333 and $110,000 per acre appraisals (see Appendix F, page 37, for a history of land acquisition for Ferguson High School).

The PPP acquisition also involved the purchase of two other sites that were also owned by one of the PPP owners. The first was a 30-acre site for school VV1 (a future middle school) at a cost of $116,500 per acre ($3.495 million). The second was a 10-acre site for state W1 (a future elementary school) at a cost of $88,000 per acre ($880,000). In the 21 months prior to the district's acquisition of these two sites, the seller acquired theses properties for a total of $2.25 million.

In the second case, in May 2000, the district paid $155,238 per acre for 10.5 acres ($1.63 million) for the Central West Transportation Center. In its review of district records, MGT found four appraisals for this site. Two appraisals were conducted in 1998 and estimated the property's value at $64,761 per acre ($680,000) and $123,810 per acre ($1.3 million). In 1999 the district received two additional appraisals for $90,476 per acre ($950,000) and $123,810 ($1.3 million). The school board agenda item recommending the purchase refers to only the two $123,810 per-acre appraisals.

Even if staff are justified in their opinion that some of the appraisals they receive are unrealistically low, absent a thorough, documented review of the differences between appraisals of the same tract of land, the practice of discarding low appraisals is subject to question. A documented, independent review of the differences between the appraisals would give the district greater confidence in the reliability of its estimate of market value.

Such a review process would also improve the district's ability to acquire land at a reasonable price. Of the 20 sites we reviewed, one was still in the acquisition process and five others were for purchases of less than $500,000, resulting in 14 sites that needed to have two appraisals. The district acquired three of the 14 sites for $0.398 million (18%) below the average appraised value. The district acquired the remaining 11 sites for $7.354 million (32%) above the average appraised value. These site acquisitions and appraisals are summarized in Exhibit 8 below.

Exhibit 8
Most Sites Acquired by the Miami-Dade County School District Exceed the Average Appraised Value

Site Name	Appraised Value Minimum	Appraised Value Maximum	Price Paid
Sites Purchased for Less Than Average Appraisal			
W1 (Unnamed)	$ 900,000	$ 940,000	$ 890,219
Sandman Nursery	712,500	1,075,000	800,000
SW 45 St and 157 Ave	2,000,000	2,250,000	1,850,000
Total (3)	$ 3,612,500	$ 4,265,000	$ 3,540,219
Sites Purchased for More Than Average Appraisal			
Armenian Apostolic	$ 460,000	$ 510,000	$ 625,000
C (originally MM1)	1,655,675	1,953,514	2,306,602
Central West Transportation	680,000	1,300,000	1,630,000
DDD (Krop)	3,232,325	3,493,714	4,468,180
EEE (Varela)	2,170,000	4,725,000	5,512,500
JJ (Doral Middle)	850,000	1,000,000	1,100,000
Jordan Sisters Parking Lot	325,000	530,000	625,000
PPP (Ferguson)	3,900,000	6,600,000	6,963,950
RLC (South Dade Adult)	1,055,319	1,405,000	1,526,013
South Transportation Center	1,800,000	2,000,000	2,000,000
VV 1(unnamed)	2,850,000	3,300,000	3,495,000
Total (11)	$18,978,319	$26,817,227	$30,252,245
Total (14)	$22,590,819	$31,082,227	$33,792,464

Source: Complied by OPPAGA from an analysis by MGT of America, Inc., based upon review of Miami-Dade County School District land acquisition files.

Weakened negotiations position

The district has weakened its negotiating position by sharing information about discarded appraisals with potential sellers. The district has, on at least one occasion, disclosed information during negotiation that could weaken its bargaining position. For example, during negotiations for the purchase of the Ferguson High School site (PPP), the district obtained three appraisals and discarded one for being too low. District staff informed the seller that one of the appraisals yielded an artificially low value and that a new appraisal would be conducted. This information could undermine the seller's confidence in the district's estimate of market value and therefore weaken the district's ability to negotiate effectively with the seller.

Insufficient oversight of land acquisition process

The district has not exercised enough oversight to ensure that the land acquisition unit effectively carries out its duties. Four factors have reduced the effectiveness of the district's oversight:

- frequent transfer of the land acquisition unit to different organizational entities;
- lack of functional integration with units land acquisition supports;
- incomplete information provided to the school board; and
- a lack of an accountability system for the land acquisition program.

Frequent organizational transfers

The Government Affairs and Land Use Policy and Acquisition Division, which is responsible for the district's land acquisition activities, has been frequently transferred to different entities within the district. Since 1991, the division has been transferred to different organizational entities five times, with an average of approximately 19 months between transfer (see Exhibit 9). This turnover likely limited the district administrators' ability to effectively monitor that division's highly technical activities. A more stable placement would enable the administrators to develop more knowledge about appraisal practices so they could more effectively monitor the district's adherence to these practices.

Exhibit 9
Miami-Dade County School District's Land Acquisition Unit Has Reported to Five Different Managers Since 1991

District Official	Begin	End
Assistant Superintendent, Planning and Management Systems	July 1991	January 1994
Chief of Staff	January 1994	July 1996
Deputy Superintendent, Facilities Management	July 1996	July 1997
Labor Attorney, Labor Relations and Government Affairs	July 1997	July 1999
Chief Facilities Officer	July 1999	Present

Source: Compiled by the Office of Program Policy Analysis and Government Accountability from data provided by the Miami-Dade County School District.

Lack of functional integration with other units

The district's land acquisition unit also has been too insulated from other facilities units that depend upon land acquisition. Interviews with staff in the construction program who needed to work closely with the land acquisition staff during the past four years reported knowing nothing of the land acquisition unit's activities. District staff also indicated that the land acquisition office did not coordinate with the other construction programs and did not seek input from others about issues of mutual concern.

Incomplete information for board decisions regarding land purchases

In addition, the board does not always have complete information regarding the sites it is purchasing. The school board makes the final determination of all district actions, including land purchases. The board must rely upon the staff for information and recommendations for action. A 1997 internal audit report of the district's land acquisition office found that the school board was not fully informed of the facts regarding land

purchases.[5] This lack of information hindered the board's ability to fully evaluate the purchasing decisions for which it was responsible.

For example, prior to the internal audit, the district acquired a new school site for the Ernest R. Graham Elementary School for $3.05 million. Land acquisition staff knew when it negotiated the acquisition of the site that environmental work would be necessary before the district could use it. Staff told us that they did not report this information to the school board because staff did not know exactly how much the environmental cleanup would cost until several months after the board approved the acquisition. The cost of the cleanup was $3.25 million.

This problem has continued. Subsequent to the internal audit, in July 1999, the district acquired the land for Ferguson High School (PPP) for about $6.990 million. Before the site can be used to build anything, it will require environmental mitigation, demucking, and filling. Staff knew that about 22.8 of the 60 acres—38% of the total area—would be needed for drainage and mitigation. This would leave approximately 37 acres for the school site while the minimum required for a high school is 40 acres. The district had to seek a variance from the Department of Education to use this site for a high school. At the time of the acquisition, staff knew that the site required additional improvement but there was no indication in the board agenda item that the board was informed of this need. The earliest evidence of the estimate that we could find was November 2000 when staff estimated these costs at $7.469 million. The matter was presented to the board at its meeting in February 2001. In March 2001, after receiving bids for the work, staff revised the estimated cost to $3.519 million. Staff told us that they did not disclose this information to the board earlier because they did not know exactly how much the work would cost.

In both cases, the additional expenses needed to address site problems were substantial. Staff told us that they did not report this information to the school board because they did not know exactly how much the site improvements would cost until after the board approved the acquisitions. Our review of the board agenda items indicates that staff does not consistently make any reference to the estimated costs of site improvements when they present sites to the board for approval.

The board also has not always been informed about the appraised value of sites when it was asked to buy land. For example, on pages 12 and 13, we point out that the district does not have an effective process in place to establish the value of land it purchases. As a result, in two cases, the

[5] Although the internal auditor made recommendations for a number of changes in the district's land acquisition processes, not all of these recommendations have been implemented. This may be due to the organizational placement of the internal auditor. Instead of reporting directly to the board, the internal auditor reports to a deputy superintendent. A higher organizational placement could raise the visibility of the audit function and improve the likelihood that the district will satisfactorily resolve audit findings.

district disregarded appraisals to obtain higher appraised value that staff thought was more realistic. In the case of the Ferguson High School site, the board agenda item recommending the purchase included references to only two of the five appraisals that were made for the site. Two of these appraisals were originally discarded because they were for the 50-acre partial site. Three appraisals were for the full 60-acre site, and the lowest of the three was discarded and not presented to the board. For the Central West Transportation Center, the district obtained two sets of appraisals but only presented the highest appraisal from each set to the board. The lowest appraisal from each set was discarded and not reported.

The board needs more complete information from staff to make informed decisions about land acquisitions. This includes the reliable estimates of the value and costs of improvements.

Lack of an accountability system

The district has not developed an accountability system for the land acquisition unit. Although the land acquisition manager periodically reports on land acquisition activities to a deputy superintendent, the district has not established clear goals and objectives or useful performance measures for land acquisition. The district also has not required systematic, periodic reports of progress that would help district managers hold staff accountable for performance. Such reports are essential if the district is to effectively monitor progress in obtaining needed land to meet construction schedules or success in making economical land purchases.

Does the district construct cost-effective facilities?

The district builds cost-effective schools.

Since 1997, the construction program has implemented procedures to help the district control construction costs. While the district previously experienced significant cost overruns, in recent years, it has kept construction costs within budget as well as below the statewide average. Moreover, the district has also built several school facilities that may qualify for School Infrastructure Thrift (SIT) awards. [6] (See Appendix C, page 33 for details.

Most projects are within budget

The district completes most projects under budget. The 18 randomly sampled construction project files reviewed indicate that the district

[6] The SMART Schools Clearinghouse grants School Infrastructure Thrift awards based on keeping costs below a predetermined level. See s. 235.2155, *Florida Statutes*.

completes most new construction projects under budget. These projects have a total value of $195 million dollars. As shown in Exhibit 10, the district completed 13 projects under budget, while 5 projects exceeded their budgets. In all, the 18 projects were completed for a net savings of $12 million, or 6% under budget.

Exhibit 10
Most Projects Are Under Budget

	Number of Projects	Dollar Value	Percent
New Construction			
Under Budget	13	$(13,120,000)	(8)%
Over Budget	5	1,055,000	3 %
Total	18	$(12,065,000)	(6)%
Renovations			
Under Budget	7	$ (1,238,000)	(15)%
Over Budget	5	589,000	7 %
Total	12	$ (649,000)	(4)%
Total for All Projects	30	$(12,714,000)	(6)%

Source: OPPAGA analysis based on MGT of America file review.

In addition, the district completes most renovation projects under budget. Of the 12 randomly sampled renovation projects reviewed, the district completed 7 projects under budget, and 5 over budget. As a whole, the district completed the 12 projects an average of 4% under budget for a net savings of $649,000.

The district's construction costs are below state averages

The district's construction program compares favorably to others in Florida. As shown in Exhibit 11, the district keeps its costs per student station below the average for the state and peer districts within the state. [7]

Exhibit 11
The District's Costs Per Student Station Have Been Below State Averages

	Average Cost/Student Station		
School Type	Miami-Dade	Florida All Districts	Florida Large Districts
Elementary	$11,874	$12,712	$12,213
Middle School	12,277	13,571	12,567
High School	17,408	18,106	17,489

Source: MGT of America, Inc., analysis of 1999 Florida Department of Education data.
Large districts are Broward, Duval, Hillsborough, Orange, and Palm Beach.

[7] A student station is equivalent to the space required for one full-time student.

Four strategies help control construction costs

According to MGT of America, the district uses four strategies that have helped it reduce its construction costs.

- The district develops and maintains prototypical base documents for educational specifications, design criteria, and construction specifications, which helps to establish more uniform facilities across the district. As a result of this practice, the district saves time and money during the design phase of school construction.
- The district negotiates joint use agreements with other local governments to share a public facility, which defers the need for some capital expenditures and makes better use of public tax dollars.
- The district has identified the preferred situations in which to use traditional bid, design-build, lease purchase, or construction management at-risk techniques and matches proposed projects to the best construction method.
- The district has changed its process for selecting architects and contractors and strengthened its design review process. These changes have helped keep change orders to about 3.5% of the value for new construction and about 8.3% of the value of renovation projects, which compare favorably with generally accepted ranges of 3%-5% for new construction and 10%–15% for renovations.

Some projects eligible for school infrastructure awards

The district may be eligible for School Infrastructure Thrift (SIT) awards. Since 1997 the state has provided SIT awards for schools with costs per student station below the designated threshold.[8] The amount of the award is equal to one-half of the difference between the construction cost and the frugal standard.

Six of the 18 schools in our review may qualify for SIT awards of up to $4.6 million. Of the remaining 12 schools, 5 are primary learning centers, not complete schools. It is not clear whether they are eligible for SIT awards, and the district and the SMART Schools Clearinghouse are working to determine their eligibility. Three schools were awarded to contractors before the implementation of the SIT award program and so are not eligible. Finally, based on our review four schools do not meet the frugal costs standard. See Appendix C, page 33, for details.

The district has not applied for SIT awards for any of its eligible schools. After a recent meeting with the director of the SMART Schools Clearinghouse, the district has stated that it is preparing applications for at least 19 schools or learning centers worth $10.1 million in potential awards.

[8] In 1997 the Legislature created School Infrastructure Thrift awards to reward school districts that keep construction costs below the Frugal Schools standards. The Frugal Schools standards are set in s. 235.216, *Florida Statutes*, and adjusted each year for inflation.

Can the need for construction be limited by more efficient use of existing facilities? —

In comparison to other large districts in Florida, the Miami-Dade County School District has relatively few unused student stations (see Appendix G, Tables G-2 and G-3, pages 41-42). However, the district has several policy options that could meet $1.5 to $1.8 billion in facility needs without acquiring more land or building new facilities and without raising taxes of obtaining additional state funding. These options are detailed in Appendix D, page 34, and include

- creating split or double sessions;
- converting to a year-round calendar;
- making more efficient program decisions;
- changing school boundaries; and
- developing satellite schools or branch campuses.

All of these options will permit more efficient use of existing facilities, but some can complicate students' and their families' lives. Use of some of these options may be even more burdensome to families that have children in more than one school.

Creating double or split sessions could avoid $1.576 billion in facility needs [9]

One option for making more effective use of the district's facilities is to use double or split sessions. In a split session one-half of the student body attends school during the morning and early afternoon and the other half during the afternoon and early evening. This approach would double the capacity of existing schools. If the district put only the 56 middle and high schools that currently operate at 120% of their capacity on double session, it would avoid $1.389 billion in new construction needs. In addition, the district would eliminate the need for 1,520 acres of land, which would avoid another $187 million in costs, not including mitigation and site improvements. [10]

From the middle of the 1960s to the middle of the 1980s, the district used double or split sessions. However, this policy was discontinued because of concerns about family disruptions and inconveniences. To make better

[9] The cost savings estimates in this section cannot be added together to produce a total cost savings, because the district will not be able to implement all alternatives.

[10] This estimate uses the district's average cost per acre for land acquisition for the 19 sites we reviewed. From July 1996 through December 2000, the district acquired 293 acres for $36,045,434, or about $123,022 per acre. After adjusting the price paid by one parcel that did not disclose any acreage, the average cost of the remaining 18 sites was $123.078 per acre.

use of existing facilities, the district may have to consider returning to double or split sessions.

Converting to year-round schools could avoid $1.224 billion in facility needs

Year-round schools may be one way the Miami-Dade County School District can meet more of its facility needs. On a year-round calendar schedule, the student body is divided into two or more tracks with one track rotated off at regular intervals. This can increase the capacity of existing facilities by 25%-50%.

According to Education World® in 1999, more than two million students in almost 3,000 public schools in 41 states and 610 school districts attended year-round schools. In Florida, for 2000-01, 10 school districts are using modified, extended, or year-round schools in 32 elementary schools. While no Florida districts have implemented year-round schools for middle and high schools, in October 2000, the New York City Board of Education recommended year-round calendars for all new high schools.

It would be more economical to use year-round schools to make better use of existing facilities and reduce the need for more new ones. If year-round schools could increase the district's capacity by 25%, Miami-Dade County could avoid $1.077 billion in construction costs. The district would also avoid the need to purchase another 1,195 acres in land that would avoid another $147 million in costs, not including mitigation and site improvements.

Programming changes can reduce facility needs

Changes in programming decisions to regain planned capacity by one percentage point could avoid $40 million in facility needs. School districts are responsible for developing programs to meet educational standards set by the state. In the Miami-Dade County School District, school principals are responsible for developing programs for their school and planning for the use of facilities to accommodate those programs.

The number of students a classroom can hold depends on principals' decisions concerning the type of students to put in a classroom and the activity that takes place there. For example, a classroom that was designed for 25 student stations may hold 30 regular classroom students, but only 20 laboratory students or 8 exceptional education students.

As shown in Exhibit 12, in elementary and high schools principal's programming choices reduce available work stations by 10% and 4.3% respectively. Not all of these programming changes can be avoided. However, given the district's overcrowding problem, the district should review principals' programming choices to ensure that they are necessary and make the most efficient use of available space. If changes in programming choices enabled the district to regain one percentage point of planned capacity in its elementary and high schools, it could avoid construction costs of approximately $39.8 million.

Exhibit 12
Programming Decisions Have Reduced the Planned Capacity of Elementary and High Schools

	Florida Inventory of School Houses Capacity	Program Capacity	Gain or (Loss) Due to Programming	Percentage of Gain or (Loss)	Value of Programming
Elementary	181,181	163,115	(18,066)	(10.0)%	$(223,693,212)
Middle School	74,336	75,521	1,115	1.6 %	16,397,535
High School	86,879	83,154	(3,725)	(4,3)%	(69,977,850)
Total	342,426	321,790	(20,636)	(6.0)%	$(277,273,527)

Source: Compiled by OPPAGA based upon information provided by the Miami-Dade County School District and the Florida SMART Schools Clearing House.

Changing school boundaries could meet another $166 million in facility needs

The district can also make better use of its existing facilities by re-drawing the boundaries of schools that are using less than 90% of their existing capacity. We identified 40 elementary schools with 8,206 unused student stations, 2 middle schools with 925 unused student stations, and 3 high schools with 1,599 unused student stations. If the district were to re-draw its boundaries to make more efficient use of existing capacity, it could avoid buying about 167 acres of land for 17 new elementary schools, 2 new middle schools, and 2 new high schools. This could enable the district to avoid about $166 million in facility costs, including land costs.

However, the district's efforts to redraw attendance boundaries would be subject to review by the federal district court, which has established a Bi-Racial Tri-Ethnic Advisory Committee ("Bi-Tri Committee"). The committee reviews all attendance boundary changes and advises the federal court in Miami of its findings regarding the efforts of the Miami-Dade County School District to comply with a court-ordered desegregation of the schools. Any attendance boundaries drawn by the district would have to satisfy the conditions of the federal court.

Building satellite schools could avoid $38 million in land acquisition costs

A satellite or branch campus saves money and land by building small schools that do not have all vocational, athletic, and ancillary facilities. For example, a satellite campus may not include a driver's education range or auditorium, which would save 2.5 acres of land plus construction costs.

The district is testing this concept on a limited basis and has so far constructed 16 primary and 4 middle learning centers. A primary learning center is small and houses kindergarten through second grade. A middle learning center can be built as an addition to an elementary site to hold sixth through eighth grades or it can be a stand-alone school with kindergarten through eighth grades. Both primary and middle learning centers cost less to construct and require less land because they do not include some programs and ancillary spaces. For example, most learning

centers do not have cafeterias. In addition, middle learning centers typically do not have auditoriums and have fewer vocational spaces than traditional middle schools.

Instituting a satellite system could substantially reduce the size of sites the district needs for each school and thereby reduce the overall amount of land it has to acquire. For example, if the district relieved overcrowded schools with satellite schools rather than traditional schools, it could reduce the amount of land it would need to purchase by about 305 acres. This would allow the district to avoid about $38 million in land costs and an unknown amount of mitigation and site improvement costs. However, the satellite campuses also will have higher operational costs that will reduce the potential benefit.

Can the district raise extra local revenue to support its construction program?

The district could obtain $1.1 to $2.9 billion in local revenue to meet its facility needs without additional state funding in two ways: [11]

- **obtain voter approval for additional bonding authority and raise the millage for debt service to as much as 2.185 mills.**
- **obtain voter approval to establish sales surtaxes by up to one-and-one-half cents.**

Either of these options would require voter approval and likely would need to be coordinated with other local governments. (See Appendix E, page 36, for additional details.)

The district could obtain more funds for facilities by floating additional bonds

The first fiscal option available to the district is to seek voter approval to issue additional general obligation bonds. In 1988, Dade County voters approved a bond referendum that represented about 1.98% of the Miami-Dade County's assessed taxable value. If the district sought a similar general obligation bond referendum in 2001, adjusted for increases in the county's ad valorem base and existing outstanding bonded debt, it could generate about $1.14 billion in bonds. After paying transaction costs this would result in $1.12 billion in additional funds to help the district address most of its identified needs. [12]

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[11] The lower estimate is based on the minimum amount the district could seek independently of the county government although it still requires voter approval. The upper estimate is based on voter approval of three tax initiatives.

[12] Our funding estimate makes various assumptions about bonding. First, we assumed the amount of the bond would be in proportion the 1988 bond. In 1988, voters approved a $980-million referendum, which represented 1.98% of the county's total assessed taxable value. If a comparable amount were

However, such a bond would substantially increase the district's voted debt service millage from 0.915 mills to about 2.185 mills. The district could make full use of this option by phasing in the bonds over an 8-to 10-year period as it did with the 1988 bonds. This would enable the district to better control the millage rate increases, because the assessed taxable value in the county is likely to increase over time, requiring smaller millage levels to fund debt service.

Using voter-approved bonds as the primary source of funding for needed facilities may not be politically feasible. However, the district could use this option in combination with other taxing strategies or policy options to better meet its facility needs. At its February 14, 2001, meeting, the school board directed the district superintendent to study the need for a new bond issue. The results of this study will be presented to the board at its June 20, 2001, meeting.

Sales surtaxes can provide additional facility funds

A second fiscal option available to the Miami-Dade County School District is for voters to enact one or two sales surtaxes currently authorized in state law. If both were authorized by the district's voters, the surtaxes would raise about $426 million annually during the life of the tax. One of these surtaxes, the one-half-cent School Capital Outlay Surtax, could raise $142 million for the district's facility needs. Voters in seven Florida counties have enacted the School Capital Outlay Sales Surtax. [13] All seven enacted the full one-half-cent surtax, but the terms ranged from 5 to 20 years. Voters in five other counties rejected the School Capital Outlay Surtax. [14]

If voters in Miami-Dade County approved this surtax, and the district bonded that tax, it could generate about $1.11 billion for the district's facility needs, after the cost of bond sales. [15]

The second potential surtax, the Local Government Infrastructure Surtax, could produce up to $284 million each year by placing a surtax of one cent

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approved in 2001, the voted indebtedness would be about $1.94 billion. We adjusted this amount for the outstanding bonds from the 1988 referendum ($801 million as of June 30, 2000). Thus, the district would be able to issue an additional $1.14 billion in bonds. Next, we assumed the new bond would be issued for 20 years at an interest rate of 5.5% per annum and the cost to issue the bonds would be about 2%. We also assumed that the bonds would require debt coverage of 130% (a debt service ratio of 1.30). Based upon Miami-Dade's current assessed taxable value, the school board would have to increase its millage rate by $1.266 per $1,000 of assessed taxable value to fund the debt service for the new bonds.

[13] The seven counties in which voters approved a School Capital Outlay Surtax were Bay, Hernando, Jackson, Monroe, Santa Rosa, St. Lucie, and Gulf.

[14] The five counties in which voters rejected the one-half-cent School Capital Outlay Surtax were DeSoto, Escambia, Hillsborough, Leon, and Marion counties. All five proposed the full one-half-cent, with terms of 2 to 20 years.

[15] Our funding estimate makes various assumptions about bonding. First, we assumed that the bonds would be issued for 20 years. We also assumed that the bonds would require debt coverage of 150% (a debt service ratio of 1.50). According to the state's Division of Bond Finance, sales tax-related bonds typically requires higher debt coverage than ad valorem-based bonds because of the sales tax is more volatile than ad valorem revenue. So, while we assumed debt coverage of 130% for the ad valorem bonds, we used 150% for the sales tax bonds. We also assumed that the bonds would pay interest of 5.5% per annum and that the cost of issuing the bonds would be about 2%.

on the state's six-cent sales tax. [16] Florida law permits county voters to enact the Local Government Infrastructure Surtax to meet local infrastructure needs, including land acquisition, land improvement, design, and engineering costs related to the planning, construction, construction, reconstruction, or improvement of public facilities.

A school district, in cooperation with county and municipal governments, could share in the proceeds of the Local Government Infrastructure Surtax. The amount the school district receives depends upon how much it is able to negotiate with the county and other municipalities. [17] If the Miami-Dade County School District could negotiate a sharing arrangement to receive one-third of the proceeds, the Local Government Infrastructure Surtax would generate $95 million per year during the life of the tax. If the district bonded its share of the Local Government Infrastructure Surtax, it could provide another $739 million to meet its facility needs. [18]

Public may not support district initiatives

The school board believes the district lacks public support to raise additional revenue or institute programming changes. The Miami-Dade County School District would need voter approval for any bond or sales tax initiative. During our review, we interviewed seven school board members to inquire about various options available to the district to deal with its facility needs. While most members acknowledged that they had a number of policy options available to them, they believed that the public has little confidence in the district and would not support tax initiatives or scheduling, boundary, or other program changes.

To effectively meet its facility needs, the school board will have to make several difficult fiscal choices, including gaining public support for new bond or sales surtax referenda. In the absence of voter approval, the school board will have to make a number of policy choices, such as year-round schools, that are not likely to be popular with parents of school children.

Other concerns

Developers are asked for contributions in addition to school impact fees

Even though the district receives impact fees from land developers, it asks them to make additional contributions. These contributions have often been termed voluntary contributions, voluntary mitigation proposals, and contributions in excess of impact fees. A contribution may be in the form

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[16] The amount received would range depending on the proportion of tax the school district receives; $284 million represents the largest possible amount.

[17] In Sarasota, Manatee, and Okaloosa counties, the school districts were permitted to retain the entire tax.

[18] Our estimate for bonding the Local Infrastructure Sales Surtax makes the same assumptions as we did about the School Capital Outlay Sales Surtax (see footnote 15). Also, because the School Capital Outlay Sales Surtax is specifically for school districts and the Local Infrastructure Surtax is for local government and the school district, if local governing authorities agree, we assumed that Miami-Dade County School District would only receive one-third of the Local Infrastructure Surtax.

of cash, land, or other mutually agreed-upon property. The district accounts for these contributions accordingly. For calendar years 1998, 1999, and 2000, 43 land development applicants agreed to make contributions of about $4.0 million. These contributions were in addition to the $14.5 million in educational facility impact fees the district received from land developers.

The Miami-Dade County School District has long engaged in the practice of requesting contributions from land developers, and requested such contributions long before Miami-Dade County enacted its educational facilities impact fee ordinance. [19] The ordinance adopted by the county provides a method for calculating the impact fee based upon new residential unit square footage in a project. Whenever someone applies to Miami-Dade County for a zoning change or building permit, the county calculates the educational facilities impact fee and forwards the application to the school district for its review.

The district assesses the potential effect an applicant's proposed development is likely to have on school facilities. The district procedures involve estimating the number of elementary, middle, and high school students the proposed development will house and the capital cost necessary to meet the facility needs of such a population based upon construction costs for elementary, middle, and high schools.

For calendar years 1998-2000, the impact fee only accounted for about one-third of the capital costs the district estimates would be associated with proposed developments. To provide additional resources to meet its facility needs, the district supplements the impact fees by soliciting contributions from the applicant.

However, some members of the Miami-Dade County development community feel that the district's practice of seeking contributions in addition to educational facilities impact fee is coercive. In the past, the district would not support the proposed development unless the developer agreed to make a voluntary contribution.

For example, the district has developed a procedure for instances when the district and the applicant cannot reach agreement on the amount of the voluntary contribution. The procedure provides that if the applicant and the district are not able to enter into a board-approved mitigation plan, the district will oppose approval of the permit or zoning change by local government or planning agency that referred the matter to the district. On the other hand, according to the board's March 17, 1999, minutes, when the district receives a voluntary contribution, it will not object to an applicant's proposed building permit or zoning change. Some developers feel coerced to make a voluntary contribution, so that the district staff will not oppose their developments.

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[19] Miami-Dade County has also established impact fee ordinances for roads, parks, police services, and fire and emergency medical services.

We believe that the Miami-Dade County School District and county government should conduct an independent review of the county's educational facilities impact fee along with the district's practices relating to its contributions in addition to those impact fees. Furthermore, if the study finds that the amount of the educational facilities impact fee is not sufficient to pay the infrastructure costs associated with development, the county and the school district should seek to change the basis on which the impact fee is calculated. Finally, the review should also assess the Miami-Dade County School District's policies relating to educational impacts for those developments that are estimated to exceed the district's costs to ensure that developers and the district are treated equitably.

Chapter 3

Conclusions and Recommendations

The Miami-Dade County School District reports $1.618 billion in additional facility needs. A combination of fiscal and policy choices could enable the district to more than meet those needs. However, the district may lack the public support it needs to obtain voter approval of its fiscal options or to implement some of its policy options. One way the district could obtain this support is to improve its land acquisition and facility planning processes and thereby strengthen the public's confidence in its ability to make efficient use of resources.

To help the district acquire the land it needs at reasonable prices, we recommend three actions.

- The district should better integrate the land acquisition function into the facility planning and construction practices. The land acquisition function should start its land acquisition process well in advance of its needs. For example, if the district plans a school for the fifth year of its plan, the land acquisition division should start seeking a new site as soon as the need is identified. The sooner the land is acquired, the less likelihood that essential construction projects will be delayed.
- The district school board should institute a policy that requires an appraisal review when the district receives divergent appraisals. This process should enable the district to reconcile divergent appraisals without having to seek new appraisals. This should help reinforce the district's confidence in the reliability of the appraisals they receive.
- The land acquisition office should provide full information to the school board on all potential purchases, including information about the estimated additional costs needed to make the land usable and the estimated value given by all of the appraisals the district obtained on the property. When appraised values diverge, the office should provide the board with an explanation of how they were reconciled.

To improve the planning and accountability processes and reduce the district's dependence on the availability of land, we recommend three actions.

- The school board should establish a facilities planning committee that includes a broad base of school district personnel, parents, construction professionals, and other community stakeholders. By developing such a committee, the district should be able to better identify, evaluate, and set priorities for addressing the district's facility needs.

- The district should establish performance measures for the planning and land acquisition functions. For planning, the performance measures should be similar to those used by the Department of Transportation. For acquisition the performance measures should reflect the office's ability to purchase land ahead of projected need and at a reasonable price. The district should then evaluate the performance of these functions on a regular basis.
- The district should institute a formal process to evaluate alternatives to new school construction including, but not limited to, double sessions, year-round schools, and branch campuses. The evaluation should analyze the costs and benefits of the alternatives, including ways to make more efficient use of existing capacity.

To begin improving the district's public credibility, we recommend three actions.

- The Legislature should require the Miami-Dade County School District to receive a Best Financial Management Practice Review. This review should begin after July 1, 2002. This time frame is consistent with the first engrossed version of Committee Substitute for Committee Substitute for House Bill 269 (2001), which schedules the Miami-Dade County School for a best financial management practice review in the second of a five-year schedule of statewide reviews.
- The district should apply for School Infrastructure Thrift awards for all new schools that qualify for such awards.
- The district, in consultation with Miami-Dade County and various stakeholders, should review the county's formula for calculating the impact on educational facilities of new development in Dade County. The objective should be to establish a rate for the impact fee that will more fully cover the capital costs of educational facilities resulting from new development.

Appendix A

Sixteen New Schools Delayed Because of Problems With Site Acquisition

Between Fiscal Years 1998-99 and 1999-00 and 1999-00 and 2000-01, the Miami-Dade County School District delayed 16 schools because of problems with land acquisition. As shown below, 13 of these schools were delayed between 1998-99 and 1999-2000, and 9 of these were delayed again between 1999-2000 and 2000-2001. Three other schools were delayed between 1999-2000 and 2000-01.

Schools Delayed Between 1998-99 and 1999-2000	Schools Delayed Between 1999-2000 and 2000-01
Primary Learning Centers and Elementary Schools	
One primary learning center was delayed between 1998-99 and 1999-2000.	One elementary school was delayed between 1999-2000 and 2000-01.
▪ Primary Learning Center "R" (#6)	▪ Elementary #6 "C"
Middle Learning Centers and Middle Schools	
Eight middle schools were delayed between 1998-99 and 1999-2000. Five of these were subsequently delayed between 1999-2000 and 2000-01.	Six middle schools were delayed between 1999-2000 and 2000-01. Five had also been delayed between 1998-99 and 1999-2000.
▪ *Middle School #10 (S/S "UU1")*	▪ *Middle School #10 (S/S "UU1")*
▪ Middle School #10 (S/S "TT1")	▪ Middle School #13 (S/S "XX1")
▪ Middle School #13 (S/S "WW1")	▪ *Middle School #15 (S/S "ZZ1")*
▪ Middle School #14 (S/S "YY1")	▪ *Middle School #4 (S/S "MM1")*
▪ *Middle School #15 (S/S "ZZ1")*	▪ *Middle School #5 (S/S "NN1")*
▪ *Middle School #4 (S/S "MM1")*	▪ *Middle School #8 (S/S "SS1")*
▪ *Middle School #5 (S/S "NN1")*	
▪ *Middle School #8 (S/S "SS1")*	
Schools Delayed Between 1998-99 and 1999-2000	**Schools Delayed Between 1999-2000 and 2000-01**
High Schools	
Four senior high schools were delayed between 1998-99 and 1999-2000 and subsequently between 1999-2000 and 2000-01.	Five senior high schools were delayed between 1999-2000 and 2000-01, including four that also been delayed between 1998-99 and 1999-2000.
▪ *Senior High #11 (S/S "NNN")*	▪ *Senior High #11 (S/S "NNN")*
▪ *Senior High #6 (S/S "JJJ")*	▪ Senior High #13 (S/S "RRR") (Baker Aviation)
▪ *Senior High #7 (S/S "LLL")*	▪ *Senior High #6 (S/S "JJJ")*
▪ *Senior High #8 (S/S "FFF")*	▪ *Senior High #7 (S/S "LLL")*
	▪ *Senior High #8 (S/S "FFF")*

Note: The italicized schools were delayed between 1998-99 and 1999-2000 and again between 1999-2000 and 2000-01. To avoid double counting of these schools, we counted them as delayed on the first plan. Although the delayed schools were counted only once, they appear in both columns. There were a total of nine projects delayed between 1998-99 and 1999-2000 and again between 1999-2000 and 2000-01.

Source: Miami-Dade County School District.

Appendix B

The District Completes Most Projects Under Budget

School	Original Budget	Amount Over or (Under)	Percentage Over or (Under)
New School Construction			
De Diego, Jose Middle School ('II')	$ 14,777,778	$ (2,812,198)	(19.0)%
Everglades Elementary conversion to Middle Learning Center ('BB')	5,004,816	(731,784)	(14.6)%
Lentin, Linda Elementary ('T')	10,767,096	(1,392,971)	(12.9)%
Kenwood Elementary conversion to Middle Learning Center ('CC')	5,000,816	(505,640)	(10.1)%
Doral Middle School ('JJ')	14,118,780	(1,236,608)	(8.8)%
Milam Elementary conversion to Middle Learning Center ('AA')	5,000,816	(406,214)	(8.1)%
Chiles, Lawton Middle School ('LL')	14,118,780	(1,136,172)	(8.0)%
Krop, Dr. Michael M. Senior High ('DDD')	35,643,403	(2,826,123)	(7.9)%
Primary Learning Center 'A1'	1,871,000	(103,000)	(5.5)%
Sibley, Hubert O. Elementary ('X')	10,325,000	(552,060)	(5.3)%
Primary Learning Center 'X'	1,871,000	(96,127)	(5.1)%
Leisure City Elementary conversion to Middle Learning Center ('DD')	5,004,816	(216,892)	(4.3)%
Varela, Felix Senior High ('EEE')	37,425,573	(1,104,214)	(3.0)%
Miami Lakes Technological Senior High	17,000,000	(264,260	1.6 %
Primary Learning Center 'L'	1,871,000	(46,320	2.5 %
Primary Learning Center 'M'	1,871,000	(70,082	3.7 %
Thomas, Eugenia B. Elementary	9,270,554	(414,172	4.5 %
Primary Learning Center 'O'	3,700,000	(260,000	7.0 %
Total	$ 194,642,228	$ (12,065,169)	(6.2)%
Major Renovations			
Biscayne Elementary	$ 792,236	$ (313,840)	(39.6)%
South Miami Heights Elementary	1,818,845	(339,145)	(18.6)%
Shenandoah Middle School	575,000	(104,214)	(18.1)%
Miami Sunset Senior High	1,682,208	(202,232)	(12.0)%
Coral Reef Elementary	1,962,333	(211,583)	(10.8)%
Campbell Drive Elementary	610,020	(54,187)	(8.9)%
Sunset Park Elementary	1,043,003	(13,011)	(1.2)%
Mays Community Middle School	1,040,495	52,761	5.1 %
Glades Middle School	2,652,848	140,151	5.3 %
Miami Douglas MacArthur Senior High	1,884,534	113,466	6.0 %
Flagami Elementary	1,180,210	105,144	8.9 %
Howard Drive Elementary	1,938,936	177,596	9.2 %
Total	$ 17,180,668	$ (649,094)	(3.8)%
Total of All Projects	$211,822,896	$(12,714,263)	(6)%

Appendix C

Six New Schools May Be Eligible for School Infrastructure Thrift (SIT) Awards

	Actual Cost Per Student Station	SIT Award Standard	Number of Student Stations	Potential Award
De Diego, Jose Middle School ('II')	$11,068	$13,300	1,500	$1,674,000
Doral Middle School ('JJ')	11,460	13,604	1,500	1,608,000
Chiles, Lawton Middle School ('LL')	11,605	13,300	1,500	1,271,250
Kenwood Elementary conversion to Middle Learning Center ('CC')	13,098	13,300	485	48,985
Thomas, Eugenia B. Elementary	12,058	12,102	1,060	23,320
Leisure City Elementary conversion to Middle Learning Center ('DD')	13,283	13,300	485	4,123
Krop, Dr. Michael M. Senior High ('DDD')	17,005	N/A[1]	2,548	
Varela, Felix Senior High ('EEE')	17,624	17,600	2,614	
Lentin, Linda Elementary ('T')	12,462	N/A[1]	900	
Sibley, Hubert O. Elementary ('X')	11,634	11,600	1,060	
Milam Elementary conversion to Middle Learning Center ('AA')	13,576	13,300	485	
Everglades Elementary conversion to Middle Learning Center ('BB')	13,600	13,300	485	
Miami Lakes Technological Senior High	13,267	NA[2]	1,708	
Primary Learning Center 'X'	8,119	NA[2]	275	
Primary Learning Center 'L'	9,175	NA[2]	275	
Primary Learning Center 'A1'	9,618	NA[2]	275	
Primary Learning Center 'M'	9,015	NA[2]	275	
Primary Learning Center 'O'	17,851	NA[2]	320	
Total Potential SIT Awards				**$4,606,358**

Note: The potential savings are equal to one-half of the difference between the actual costs per student station and the SIT award standard multiplied by the total number of student stations.

[1] Not eligible because the project was contracted prior to the enactment of the SIT award program.

[2] Not a standard school and may not be eligible; awaiting a determination by the SMART School Clearinghouse.

Source: Based on OPPAGA analysis of MGT of America file review.

Appendix D

Miami-Dade County Has Policy Options That Could Enable the District to Increase Use of Existing Facilities

Options	Description	Fiscal Estimate Non-Recurring	Fiscal Estimate Recurring
The Miami-Dade County School Board has existing authority to enact a number of policy options to increase the use of existing facilities			
Split or Double Sessions	By scheduling one-half of the student body for the morning and early afternoon and the other half for the late afternoon and evening, the school can increase capacity by up to 100%. This would not be done for all schools and would increase support costs. If split or double shifts were implemented for 56 middle and high schools at or over 120% of capacity, the district would add 39,201 student stations in the district's middle schools and 44,296 in high schools. If these stations were built to SIT award standards they would cost district $1.389 billion. In addition, the district would reduce its need for land by 1,520 acres. At an average cost of $123,078, this would avoid an addition $187 million in land costs.	$1,576,000,000	
Year-Round Schooling	Year-round schools can provide a 25%-50% increase in student capacity, depending on the number of tracks. Year-round schools split students into two to four "tracks" with one track on break at any given time. For example, a school with four tracks could rotate the tracks every three weeks. Students would attend classes for nine weeks and go on break for three weeks throughout the year thereby increasing capacity by up to 33%. Assuming a 25% increase in capacity, putting all schools on year-round schedules would create 40,464 elementary student stations, 14,502 middle school stations, and 19,685 high school student stations. If these stations were built to SIT award standards, they would cost the district $1.077 billion. In addition, the district would reduce its need for land by 1,195 acres. At an average cost of $123,078 this would avoid an addition $147 million in land costs.	1,224,000,000	
Boundary Changes	The Miami-Dade County School District has schools with additional capacity that, if used, could avoid an additional cost of $166 million. We identified 40 elementary schools with 8,206 unused student stations, 2 middle schools with 925 unused student stations, and 3 high schools with 1,599 unused student stations that using less than 90% of their existing capacity. If the district were to re-draw its boundaries to make more efficient use of existing capacity, it could avoid buying about 167 acres of land for the 17 elementary schools, 2 middle schools, and 2 high schools represented by the currently unused capacity.	166,000,000	
Program Changes	Currently the Miami-Dade County public school system's program decisions reduce class capacity, costing the district $277 million. For example, when a classroom that is designed for 25 students is used for special education, it may accommodate 8 students, reducing the total capacity by 17. If the district could regain one percentage point of design capacity through programming changes, it could avoid $40 million in new construction costs.	40,000,000	

Options	Description	Fiscal Estimate Non-Recurring	Fiscal Estimate Recurring
Satellites Schools and Centers	Land availability limits construction of new schools, especially for the upper grades. Under the satellite or branch campus concept, the district would build small schools to relieve overcrowding in existing schools. The existing school would become the central campus for the satellites and share existing facilities such as athletic fields and auditoriums. Students who attend a branch campus can drive or bus back to the main high school campus to use those facilities. Satellites increase the total number of sites to be purchased but reduce the size of the land required for each facility. Since large sites are more difficult and expensive to obtain, this will aid the district in acquiring land. To eliminate overcrowding, Miami-Dade County estimates it needs 15,356 high school student stations and 22,944 middle school student stations. Under the district's current building policies, the district will need 560 acres; 240 acres for 7 new high schools and about 320 acres for 15 new middle schools. To house these students, a satellite school system would require 18 high school satellites housing 900 students each and 33 middle school satellites with 700 students each. Since the satellites use 5 acres per site the total land required would be 255 acres, reducing the need for about 305 acres. This district would also achieve additional savings through reduced mitigation and site improvements.		38,000,000

Source: OPPAGA.

Appendix E

Miami-Dade County Has the Fiscal Resources to Meet Its Facility Needs

Options	Description	Fiscal Estimate Non-Recurring	Fiscal Estimate Recurring
Miami-Dade County School District voters have existing authority to levy sales surtaxes and issue additional bonds			
Additional Bonds to Maintain Same Local Effort as 1988	In 1988, Dade County voters approved a bond referendum for $980 million. If the district sought a similar revenue bond referendum in 2001, adjusted for increases in the county's ad valorem base and existing outstanding bonded debt, it could generate about $1.14 billion in additional funds to help the district address most of its identified needs. Our funding estimate makes various assumptions about bonding. First, we assumed the amount of the bond would be in proportion to the 1988 bond. In 1988, the bond represented 1.98% of the county's total assessed taxable value. If a comparable amount were approved in 2001, the voted indebtedness would be about $1.94 billion. We adjusted this amount for the outstanding bonds from the 1988 referendum ($801 million as of June 30, 2000). Thus, the district would be able to issue an additional $1.14 billion in bonds. Next, we assumed the new bond would be issued for 20 years at an interest rate of 5.5% per annum and the cost to issue the bonds would be about 2%. We also assumed that the bonds would require debt coverage of 130% (a debt service ratio of 1.30). Based upon Miami-Dade's current assessed taxable value, the school board would have to increase its millage rate by $1.266 per $1,000 of assessed taxable value to fund the debt service for the new bonds. After paying the $23 million cost of issuing the $1.14 billion in bonds the district should receive about $1.12 billion.	$1,120,000,000	$29,000,000
School Capital Outlay Surtax	The school district can seek voter approval to levy a half-cent sales tax to fund district capital projects. Seven Florida school districts have enacted this tax in their counties. According to the Legislative Committee on Intergovernmental Relations (LCIR) a one-half-cent sales tax in Miami-Dade County would produce about $142,000,000 in recurring revenue. Assuming that the voters of Dade County voted a 20-year sales tax and the school district bonded the tax, assuming further a debt coverage of 150% and an interest rate of 5.5%, the district could sell about $1.131 billion in bonds with have $47 million in recurring revenue after debt service, and, with a cost of about $23 million, would yield approximately $1.108 billion.	1,108,000,000	47,000,000
Local Government Infrastructure Surtax	Another option for local voters is the one-cent local government infrastructure surtax. Twenty-seven counties currently levy the local government infrastructure surtax. Such a tax has the potential to raise another $284 million for Miami-Dade County, according to the Legislative Committee on Intergovernmental Relations. The school district's share would depend upon what it was able to negotiate with the local governments. Assuming the voters approved such a tax and the school district negotiated with other local governments to receive one-third of the proceeds, a one-cent sales tax would produce another $95 million annually in recurring revenue. Assuming that this tax too could be bonded for 20 years at 5.5%, assuming debt coverage of 150%, this tax could produce about $754 million more in bonds and annual recurring revenue of $31 million, and, with a cost of about $15 million, would yield approximately $739 million.	739,000,000	31,000,000

Source: OPPAGA.

Appendix F

History of Land Acquisition for Ferguson High School—PPP

This appendix shows the chronology of significant dates in the history of the Miami-Dade County School District's acquisition of the Ferguson High School Site (PPP) (Table F-1). On the next page, we show the site sales immediately prior to the district's acquisition of the PPP site (Table F-2).

Table F-1
Chronology of Significant Dates in the Acquisition Process for the PPP Site

Date	Action	Price Per Acre	PPP Price	Other Site Price	Details
9/9/98	Offer of 50-acre parcel				50-acre site offered to district
12/1/98	Appraisal No. 1 received	$ 92,200	$4,610,000		50-acre horseshoe-shaped site
12/10/98	Appraisal No. 2 received	64,800	3,240,000		50-acre horseshoe-shaped site
1/29/99	Offer of 10-acre parcel				10-acre parcel contiguous with the 50-acre site
3/17/99	Appraisal No. 3 received	75,000	4,500,000		60-acre combined site
3/22/99	Appraisal No. 4 received	94,333	5,660,000		60-acre combined site
6/7/99	District offer	80,000	4,800,000		60-acre combined site
6/9/99	Sellers respond - offer is low				60-acre combined site (owners' land cost average $78,000 per acre, total $4,680,000)
6/10/99	Meeting between district superintendent and staff and owner, attorney and lobbyist				Meeting notes indicate that real issue of meeting was to discuss VV-1, which was also owned by one of the PPP sellers. Notes indicate that one owner was going to be out of town for three months and wanted to advise his representatives on how to proceed.
6/14/99	Appraisal No. 5 received	110,000	6,600,000		60-acre combined site
6/18/99	Sellers counteroffers	135,000	8,100,000		60-acre combined site
6/25/99	District counteroffer	97,500	5,850,000		60-acre combined site
6/25/99	Sellers counteroffers	127,000	7,620,000		60-acre combined site
6/28/99	District counteroffer	102,166	6,129,960		60-acre combined site
6/28/99	Seller counteroffer	123,000	6,150,000		50-acre combined site unconditional
	Conditional seller counteroffer	119,000	5,950,000	$4,630,000	50-acre site ($119,000) plus 30 acres (VV1) ($119,000) and 10 acres (W1) ($106,000)
6/30/99	Seller counter offer	116,500	1,165,000		10-acre PPP site
6/30/99	Conditional seller counter	116,500	5,825,000	4,375,000	50-acre site plus 30 acres ($116,500) plus 10 acres ($88,000)
7/14/99	Board Meeting-sellers' verbal offer	114,500	6,870,000	4,315,000	60-acre site ($114,500) plus 30 acres ($114,500) plus 10 acres ($88,000)
7/14/99	District purchase price	116,500	6,990,000	4,375,000	60-acre site plus 30 acres ($116,500) plus 10 acres ($88,000)

Source: Compiled by OPPAGA with the assistance of the Auditor General and MGT of America, Inc.

The Ferguson High School site involved 11 parcels of land comprising 60 acres and three different sellers. The principal seller (called No. 2 in Table-F-2 below) owned 40 acres of the 60-acre site. Table F-2 shows the parcel purchases prior to the district's acquisition of the site.

Table F-2
Sales Prior to the District's Acquisition of the PPP Site

Seller [1]	Folio	Purchased	Acres	Amount	Price/Acre
No. 1	30-4929-001-0030	Apr-96	10	$ 550,000	$ 55,000
No. 2	30-4929-001-0040	Apr-98	10	500,000	50,000
No. 2	30-4929-001-0131	Aug-98	5	430,000	86,000
No. 2	30-4929-001-0130	Dec-98	5	375,000	75,000
No. 2	30-4929-001-0020	Feb-99	5	450,000	90,000
No. 2	30-4929-001-0150	Jul-99	10	850,000	85,000
No. 2	30-4929-001-0022	Aug-99	1	75,000	75,000
No. 3	30-4929-001-0140	Aug-99	10	950,000	95,000
No. 2	30-4929-001-0021	Aug-99	2	150,000	75,000
No. 2	30-4929-001-0023	Sep-99	1	175,000	175,000
No. 2	30-4929-001-0024	Sep-99	1	175,000	175,000
Total			60	$4,680,000	$ 78,000

[1] The public records of Dade County show the actual names of these sellers. OPPAGA has changed the names to be consistent with its practices of not naming individuals or individual companies' names in its reports.

Source: Compiled by OPPAGA from public records of Miami-Dade County.

Questions Raised by the Senate Appropriations Education Subcommittee

On Thursday, April 5, 2001, OPPAGA presented its preliminary and tentative findings to the Senate Appropriations Education Subcommittee. Several committee members raised additional questions that were not covered in our preliminary and tentative findings, including those below.

- What were the dates of acquisition and prices paid for two specific sites (VV-1 and W-1) prior to the district's purchase of the sites?
- For whom are the two principal employees working, and are they on paid or unpaid leave from the school district?
- Did the two principal employees involved with these land acquisitions cash out benefits when they left the school district?
- Did the district receive impact fees or voluntary contributions associated with the PPP site?
- How does Miami-Dade's excess capacity compare to other districts?

What were the dates of acquisition and prices paid for V V-1 and W-1 prior to district purchase? V V-1 and W-1 are the additional school sites that were bundled into the purchase agreement for the PPP school site.

According to the Miami-Dade County Property Appraiser's database, the previous owner acquired both sites in one purchase for a total of $2,250,000 (about $56,250 per acre) in January 1998 (Table G-1). According to the school district's records, the seller sold to the school board the V V-1 site for approximately $3,495,000 ($116,500 per acre) and the W-1 site for $880,000 ($88,000 per acre). The seller's gross profit was $2,125,000 for the 21 months between January 1998 and September 1999.

Table G-1
Seller Realized a $2.1 Million Gross Profit on School Sites V V-1 and W-1

	School Site		
	V V-1	W-1	Total
Purchased by previous owner	January 1998	January 1998	
Acreage	30	10	
Acquisition price per acre	$ 56,250	$ 56,250	
Pro rata price [1]	1,687,500	562,500	$2,250,000
Sold to Miami-Dade County Schools	August 1999	September 1999	
Price per acre	$ 116,500	$ 88,000	
Sales price [2]	3,495,000	880,000	4,375,000
Gross profit to seller in 21 months			$2,125,000

[1] According to the Miami-Dade County Property Appraiser's office, both properties were conveyed to the previous owner by the same deed for a total price of $2,250,000. The price for each site is pro-rated here, assuming an acquisition price of $56,250 for each acre (i.e., $2,250,000 divided by 40 acres).

[2] Sales price is from the district's land acquisition records. For W-1 $890,281.60 was the actual price including various closing costs.

Source: OPPAGA.

For whom are the two district employees working, and are they on paid or unpaid leave from the school district?

On June 5, 2000, the two district employees formed their own company. On June 27, 2000, in identical letters, both requested one year of professional leave, which was and is permitted under the district's policies. Their supervisor approved the requests. Both are on unpaid leave from the district through August 13, 2001.

Did the two district employees cash out benefits when they left the school district?

No, both are still employees of the school district on unpaid professional leave and so would not yet be eligible to cash out any accrued benefits. When their leave is up in August 2001 they have three options to consider:

- return to work at the school district in a position determined by the superintendent,
- request an additional year of professional leave, or
- resign their positions.

Sixty days before their leave is up, the school district will send each employee a letter identifying the available options. In the event an employee resigns, the employee may be entitled to payment for unused annual and sick leave at the last daily rate of pay. According to the school district, if each resigned in August 2001, one employee would be entitled to $56,296 and the other would be entitled to $11,728.

Did the district receive impact fees or voluntary contributions associated with the PPP site?

The school district did not receive impact fees or a voluntary contribution for the PPP site. The landowner had applied for a building permit, but withdrew the application and subsequently sold the land to the school board. Consequently, there was no voluntary contribution paid by the landowner to obtain permits to develop the property.

However, the seller had agreed to pay $80,000 in voluntary contributions in addition to the educational facilities impact fee for a permit to develop V V-1 and W-1. According to a "Declaration of Restrictions" on the development and use of both sites, the seller agreed to pay $80,000 in addition to the impact fee to develop the land "substantially in accordance with the spirit and intent of the plan previously submitted, entitled Proposed Residential Development dated November 3, 1997 . . . ." The district is now determining whether it needs to remove the residential only restriction in order to use the land for a school site.

How does Miami-Dade's excess capacity compare to other districts?

The Miami-Dade County School District has less unused capacity than other large school districts in Florida. This is true when examining all schools (Table G-2) as well as those schools in the district that are operating at less than 90% of capacity (Table G-3). One reason Miami-Dade has so few unused stations is the general level of overcrowding. Miami-Dade is 16% *over capacity* while the other large districts are on average 14% *below capacity* according to FISH data reported in districts' five-year work plans. Overall, about 4% (11,070) of Miami-Dade's student stations are unused.

Table G-2
Miami-Dade County Has a Higher Utilization of Florida Inventory of School Houses (FISH) Student Stations than Other Large School Districts

All Schools: Number and Percentage of FISH Student Stations Unused							
		Other Large Districts in Florida					
	Miami-Dade	Broward	Duval	Hillsborough	Orange	Palm Beach	Peer Weighted Average Without Miami-Dade
Unused Elementary Student Stations	9,556	9,990	8,298	17,551	29,461	13,042	16,035
Percentage Unused	6.1%	8.5%	11.8%	18.8%	29.0%	15.4%	17.2%
Elementary Utilization	106.0%	97.0%	90.5%	82.0%	72.0%	85.0%	83.0%
Unused Middle School Student Stations	488	4,174	1,428	6,283	4,324	5,489	4,511
Percentage Unused	0.9%	7.6%	5.0%	14.7%	11.5%	14.3%	11.1%
Middle School Utilization	137.0%	96.0%	98.6%	86.0%	89.0%	86.0%	87.2%
Unused High School Student Stations	1,026	5,874	3,101	5,680	4,633	3,044	4,681
Percentage Unused	1.4%	9.4%	9.9%	12.7%	10.8%	7.4%	10.5%
High School Utilization	122.0%	94%	93.3%	89.0%	95.0%	96.0%	88.9%
Total Unused Stations	11,070	20,038	12,827	29,514	38,418	21,575	25,227
Total Percentage Unused	3.8%	8.5%	10%	16.3%	21.1%	13.1%	14.1%
Overall Utilization	116.3%	96.0%	93.0%	84.7%	80.9%	88.0%	85.6%

Note: Large districts are Broward, Duval, Hillsborough, Orange, and Palm Beach.

Note: On page 22 of this report, we describe the Miami-Dade County School District's efficiency in terms of program capacity. However, because other large district's could not readily provide program capacities for their districts, we compared design capacities for all districts. We obtained the design capacities for each large district's 2000-2001 work plans on file with the SMART (Soundly Made, Accountable, Reliable and Thrifty) Schools Clearinghouse.

Source: OPPAGA analysis of district 2000-2001 five-year work plans.

Table G-3
Miami-Dade's Unused Student Stations in Schools at or Under 90% of Florida Inventory of School Houses (FISH) Capacity Is Less Than for Other Large School Districts

	Student Stations Unused in Schools Under 90% of Capacity													
			Other Large Districts in Florida											
	Miami-Dade		Broward		Duval		Hillsborough		Orange		Palm Beach		Peer Weighted Average Without Miami-Dade	
	Student Stations Unused	No. of Schools Under 90% of Capacity	Student Stations Unused	No. of Schools Under 90% of Capacity	Student Stations Unused	No. of Schools Under 90% of Capacity	Student Stations Unused	No. of Schools Under 90% of Capacity	Student Stations Unused	No. of Schools Under 90% of Capacity	Student Stations Unused	No. of Schools Under 90% of Capacity	Weighted Student Stations Unused	No. of Schools Under 90% of Capacity
Elementary Schools	8,200	42	9,044	44	6,940	45	16,425	72	28,984	82	11,661	44	15,014	62
Middle Schools	431	2	3,257	12	1,270	6	5,689	21	3,736	12	5,194	16	3,829	15
High Schools	713	1	4,807	10	2,885	7	5,334	11	4,299	8	2,329	5	4,085	9
Total	9,344	45	17,108	66	11,095	58	27,448	104	37,019	102	19,184	65	22,928	86

Note: Large districts are Broward, Duval, Hillsborough, Orange, and Palm Beach.

Note: On page 22 of this report, we describe the Miami-Dade County School District's efficiency in terms of program capacity. However, because other large district's could not readily provide program capacities for their districts, we compared design capacities for all districts. We obtained the design capacities for each large district's 2000-2001 work plans on file with the SMART (Soundly Made, Accountable, Reliable and Thrifty) Schools Clearinghouse.

Source: OPPAGA analysis of district 2000-2001 five-year work plans.

Appendix H

Response from the Miami-Dade County School District

In accordance with the provisions of s. 11.45(7)(d), *Florida Statutes*, a draft copy of our report was submitted to the superintendent of the Miami-Dade County School District for his review and response.

The superintendent 's written response is reprinted herein beginning on page 43.

Miami-Dade County Public Schools

School Board Administration Building • 1450 N.E. 2nd Avenue • Miami, Florida

Mr. Roger C. Cuevas
Superintendent of Schools

Miami-Dade County School Board
Ms. Perla Tabares Hantman, Chair
Dr. Michael M. Krop, Vice Chair
Dr. Robert B. Ingram
Ms. Betsy H. Kaplan
Mrs. Manty Sabatés Morse
Ms. Jacqueline V. Pepper
Mr. Demetrio Pérez, Jr., M.S.
Dr. Maria Pérez
Dr. Solomon C. Stinson

May 1, 2001

Mr. John Turcotte, Director
Office of Program Policy Analysis and Government Accountability
111 West Madison Street, Room 312
Claude Pepper Building
Tallahassee, FL 32399-1475

Re: Response to OPPAGA Special Review of Land Acquisition Practices of the Miami-Dade County School District

Dear Mr. Turcotte:

Enclosed please find the Miami-Dade County Public School's response to your findings as noted on your draft # 1 dated 04/13/01, *Special Review of the Land Acquisition Practices of the Miami-Dade County School District,* Report 01-00, April 2001.

You may contact me directly or Dr. Paul J. Phillips and/or Ms. Suzanne A. Marshall, the Chief Facilities officers for Construction, Facilities Planning and Construction, for any further information. They may be reached at 305-995-4875.

Sincerely,

/s/
Roger C. Cuevas
Superintendent of Schools

RCC:ae
L-1843
A:2074

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MIAMI-DADE COUNTY
PUBLIC SCHOOL DISTRICT

RESPONSE TO THE OPPAGA SPECIAL REVIEW OF LAND ACQUISITION PRACTICES IN THE MIAMI-DADE COUNTY SCHOOL DISTRICT

CONTENTS

OVERVIEW

The Superintendent and his staff appreciate the work that the Office of Program Policy Analysis and Government Accountability (OPPAGA) has done in coming to Miami-Dade County Public Schools and pointing out areas which need improvement. The OPPAGA staff was most professional and dedicated in their efforts, spending many hours researching and investigating the procedures used, as well as the end results of the district's site acquisitions and construction programs. They found several areas in which better decision-making should have been employed and the district welcomes OPPAGA's assistance in pointing these areas out to us.

The Superintendent takes OPPAGA's observations and findings very seriously; and, he has already initiated actions to remediate the negative findings/aspects of the report. In fact, the Superintendent would like to invite the OPPAGA staff to return to the district within 12 months and note what procedures have been implemented as a result of the audit.

Again, the Superintendent and his staff wish to thank OPPAGA's staff for their assistance.

OBSERVATIONS AND RESPONSES TO PAST LAND ACQUISTIONS AND PROCEDURES

District is concerned with several assertions by OPPAGA when it suggests that land acquisition staff acted outside of procedures. It is the District's opinion that land acquisition staff has followed all state law(s), rules, regulations, School Board policies and procedures in force at the onset of this investigation.

OPPAGA Observation:

1. Does the District acquire the land it needs? The report indicates that the District does not acquire the land it needs because (1) the five-year plan is not used to guide acquisitions; (2) the District land acquisition staff tend to wait until only two to three years before land is needed to acquire it; and (3) the land acquisition process fails to plan in advance, suggesting that a reasonable strategy for dealing with this would be to identify those areas in which growth is likely to occur over the next five-years and to purchase sites within these areas while they are still available.

M-DCPS Response:

(1) The five-year state survey is the basis of the internal five-year site acquisition plan which guides all acquisitions. The District's 1998 Five-Year Facilities Work Program was established, indicating the District's needs and priorities by type of school geographic location and funding. Land acquisition staff took this program and converted it into seven separate lists; one list for completed projects; one for each of the five years of the program; and one list for additional unknown acquisitions.

a. The Five-Year Priority List, including the current status of each project, was updated. Note that some priority needs are unlikely to be met through land acquisition, as they call for significant relief in dense, highly developed, urbanized, land-poor areas (e.g., a new middle school on Miami Beach).

(2) Every five years the state defines the projected growth by grade level of the District for the next five years. The information is translated by the Region and others into the priority needs by type of school (e.g., elementary, middle, senior), by geographic area, within each Region. PECO funds cannot be spent for any school facility that is not survey-recommended. Additionally, Special Session funds provided some years ago were expressly prohibited from use for site acquisition.

OPPAGA Comment:

The district acknowledges that the five-year work plan represents the district's priority needs for facilities and land. However, the district too often does not acquire the land it needs to advance projects as planned. Consequently, the district delays

some of its highest priority projects. Our point is that the district needs to ensure that land acquisition is timed properly so that it can meet the land needs for the 5-year work plan. As indicated later on page 12 of this response, [page 56 of the report] the District agrees that it "is presently behind schedule vis-à-vis the land acquisition needs and priorities contained in the 5-year WP [work plan]."

OPPAGA Observation:

2. The report defines a number of new schools (50) that were purportedly delayed due to the lack of site acquisition.

M-DCPS Response:

It should be noted that:

(1) Thirteen of the projects are actually duplicates in multiple years;
(2) Of the approximately 50 designated schools enumerated in the September 1998 Five-Year Facilities Work Program with geographic location parameters, sites had been acquired for approximately 37 of them as of the onset of this investigation; and
(3) As of the onset of this investigation, only 11 schools had been delayed due to site acquisition.

OPPAGA Comment:

We provided the Miami-Dade School District a list of the schools that were delayed on the five-year work plan. We asked the district to provide us with the reason for the delay. On that list the district identified 33 instances in which school projects were delayed for reasons dealing with land acquisition. Of those projects, 11 schools were delayed in both years. We list those schools in our Appendix A in both years to show that they were delayed in both years. However, in our analysis of how many schools were delayed due to land acquisition those schools were only counted once.

After receiving our draft report district staff indicated that the information they provided was not the reason for the delay and provided new information. The new information indicates that 15 of the schools previously listed as delayed for land reasons were delayed due to school board action and 2 were delayed due to a lack of need. District staff indicated that the school board decided to delay progress on all planned Middle Learning Centers at their August 26, 1998, meeting and provided OPPAGA a copy of the school board minutes. Based upon this new information, we revised Appendix A to show that 16 sites not 33 were delayed due to problems with land acquisition.

In addition, the district's response does not address the issue. Our analysis focused on the reasons projects were delayed in the fall of 1999 and the fall of 2000 when the new five-year plans were approved. Whether the district subsequently purchased land for these projects does not mitigate the fact that the projects had to be delayed in the first place.

OPPAGA Observation:

3. The report suggests that land banking is appropriate when purchases are based on long-term identified needs and strategies. Three particular sites are questioned: (1) the South Dade Adult Center; (2) Sandman Nursery; and (3) Twenty-five acre undeveloped site (alternate "VV1").

M-DCPS Response:

(1) South Dade Adult Center - the report suggests that district records provide no analysis of leasing versus buying or any evidence of long-term need. However, pursuant to procedures developed as a result of the District's own 1997 Internal Audit, a leasing versus buying analysis was conducted indicating that rents paid to that date exceeded $2.3 million, rents anticipated for the following five-years would exceed $1.3 million, and that based on the expected length of need and/or continued use for the facility, a purchase price of $1.526 million was more cost effective than continued leasing. This information was presented at the May 24, 1999 Management Team, and both the May 12, 1999 agenda item for permission to negotiate and the January 12, 2000 agenda item for Board approval of the purchase contained information regarding lease costs to date and continued need/use of the facility, as well as the costs associated with new land purchase and construction. The Division followed all procedures in the acquisition of this property.

(2) Sandman Nursery - this land was acquired substantially below market value in an infill area. The staff followed all procedures in the acquisition of this property, including Management Team recommendations.

(3) Twenty-five acre site - this land was acquired substantially below market value in a high growth area. The site is closely located to an acquired middle and senior high site. It is suitable for an elementary school or other educational support purposes. An analysis was done prior to acquisition comparing distances between elementary schools, based in part, on the State's indicated desire for neighborhood schools. This acquisition was in line with the School Board's expressed desire to acquire land for future school purposes, so long as such sites could be obtained below fair market value. The site has the further business benefit of being fully zoned and therefore, very saleable, should the District's plan change. Staff followed all procedures in the acquisition of this property.

OPPAGA Comment:

OPPAGA believes that purchasing land well in advance when there is a clearly demonstrated need is good policy. We question the prudence of buying and holding land simply because it could be needed at some point in the future or because it can be obtained below market value.

The district indicates that it conducted an analysis of the costs and benefits of a lease versus purchase for the South Dade Adult Center mentioned in (1). We requested this analysis during our fieldwork, but the district was unable to provide it. The district also asserts that it conducted an analysis of the need for the 25-acre site described in (2) above. During our review the district did not disclose this analysis nor do they now explain why the district would need an elementary or middle school so close to those sites already purchased for V V1 and W1. The district indicates that it still has no designated purpose for the land and may try to sell it. The district further asserts that the 25-acre site was purchased for well below, the appraised value. This is true, but it raises the question as to why the district could not purchase V V1 at a similar price or why the district purchased V V1 when this site could be obtained for much less money.

OPPAGA Observation:

The report suggests that land/acquisition staff (1) picks and chooses among appraisals disregarding, as a practical matter, only the lower ones; (2) seeks revisions of appraisals to reflect what they consider to be a more realistic value for property; and (3) should have a documented, independent review were appraisal differences exist. Further, information regarding fourteen projects is presented.

M-DCPS Response:

(1) The report indicates that staff disregards only appraisals which they deem to be low, citing two examples. In both cases, staff disregarded an entire set of appraisals (both low and high), and ordered new sets. The examples cited do not support the conclusion that only low appraisals were disregarded.

(2) The District's 1997 Internal Audit emphasized that staff needed to pay more attention to appraisals and to insure that information contained and presented (comparable sales, etc.) was in fact, adequate and complete. As a result, land acquisition staff has been more deliberative in their evaluation of appraisals and other sought clarification, verification or validation as to these concerns. The only example cited where a single appraisal was disregarded (S/S "PPP") was not because the appraiser refused to revise it, but because the appraiser refused to provide any clarification or response to staff's questions. The decision to disregard was approved through the District's Management Team process.

(3) New procedures have been established to commission an independent review appraisal whenever appraisal values are in question.

OPPAGA Comment:

The district indicated that it disregarded an entire set of appraisals for both sites. According to the land acquisition records for PPP, they disregarded one set of appraisals that were conducted in December 1998. These appraisals, however, were only for 50 acres, not the entire 60-acre parcel that the district purchased. However, there were three appraisals for the entire 60-acre parcel. The low appraisal was discarded as noted in (2) of the district's response above contrary to what they assert in the paragraph before (1).

The district indicates in its response that the decision to disregard the low appraisal was approved through its Management Team process, which is supported by the minutes of the June 21, 1999, Management Team meeting. While the Management Team ratified staff's decision to discard the lower appraisal, in retrospect, the decision was questionable. Land across the proposed street from the PPP site was, within six months of the district's purchase, acquired by the seller of the PPP site at prices between the two lower appraisals. This illustrates the need to have an independent review of appraisals, which the district indicates it plans to implement.

Discarding appraisals in this way is not an isolated case. In the other instance, the land acquisition files indicate that four appraisals were conducted as shown in the table below.

Date of Appraisal	Amount of Appraisal	Disposition
November 6, 1998	$ 680,000	
November 21, 1998	1,300,000	Included on board agenda item
March 10, 1999	950,000	
April 30, 1999	1,300,000	Included on board agenda item

The November 1999 school board agenda item states, "the two appraisals reflected a fair market value of $1,300,000." The district determines fair market value by averaging two appraisals. The only way to calculate an average of $1,300,000 with these four appraisals is to use the two highest appraisals from two different sets and discard the lowest appraisals from each set.

OPPAGA Observation:

5. The report cites one example where Division staff informed the seller that one appraisal was low and new appraisals would be conducted, indicating that this could weaken the Division's ability to negotiate.

M-DCPS Response:

(1) We concur that this could undermine the seller's confidence in the estimate of market value and weakens the district's negotiating position. In the future, staff will not disclose information beyond that which is required by the Sunshine Law.

OPPAGA Observation:

6. The report cites four factors which have purportedly reduced the effectiveness of the District's oversight: (1) frequent transfers to different organizational entities; (2) lack of functional integration; (3) incomplete information provided to the School Board; and (4) lack of an accountability system

M-DCPS Response:

(1) While frequent transfers can limit an administrators' ability to monitor a Division with highly technical activities, it should be noted that the procedures set forth in the 1997 Internal Audit were implemented by the Division (e.g., Management Team review and recommendations, transmittal of information and approvals in writing).

(2) Between 1997 and 1999, the Division did report through a chain of command not associated with Facilities Planning and Construction. Since 1999, however, the Division has reported to the Deputy Superintendent who also administers all architect and construction contracts.

(3) The report suggests that staff, even in light of procedures set by the District's own 1997 Internal Audit, continues to (a) fail to disclose substantial site problems to the Board; (b) does not always inform the Board of appraised values; and (c) has not implemented a number of changes recommended in the 1997 Internal Audit.

The report cites examples where substantial site problems were not disclosed to the Board:

(a) The first of these is the Ernest R. Graham site that the report indicates staff knew was once used as a landfill that was never properly closed. The site had not been used as a landfill. Through the years, unauthorized dumping had occurred.

Two additional parcels were authorized in 1993 and 1994 (again, prior to the 1997 Internal Audit), which subsequently resulted in significant costs for environmental mitigation and removal of illegal dumping. However, the mitigation costs were the result of a change in law that established portions of the property as jurisdictional wetlands subsequent to the contract. The District efforts to seek relief through the Bert J. Harris Property Rights Act or by being "grandfathered" in were unsuccessful. The illegal dumping was not revealed in the Phase I Environmental Study. As a result of experience with this site, staff has implemented new environmental testing procedures whereby subsurface trenching is now standard procedure, once a contract has been established but prior to closing.

(b) The second example cited relates to the demucking, fill and mitigation costs for State School "PPP". The minutes reflect that these issues were discussed at the Board level in the School Board's deliberation of the purchase.

(c) The report cites a January 1999 agenda item for the purported purchase of the 35-acre State School "EEE" site, as evidence that the Board is not always informed of appraised values. The report indicates that appraisals used were more than three years old and the agenda item was framed to imply that staff had an appraisal to support a negotiated price of $5.513 million. This information is erroneous. The State School "EEE" purchase was made in 1996, when appraisals were current. The 1996 purchase approved by the Board was for 35 acres, with an option for the Board to purchase an additional five acres for $787,500 ($157,500 per acre). The January 1999 agenda item applied only to the 5-acre option parcel, which price was negotiated, approved and set pursuant to Board approval; the only decision for the Board to make in 1999 was whether or not to exercise the option. The appraisal information contained in the 1999 item referred to an updated appraisal commissioned pursuant to the 1997 Internal Audit recommendation for obtaining appraisals in connection with potential contributions/credits. The Board elected not to move forward with this option and no purchase was made.

There are no known instances where the 1997 Internal Audit recommendations have not been fully implemented.

(4) The report indicates that the District does not require clear goals, performance measures and periodic reports of progress. However, pursuant to the 1997 Internal Audit recommendations, the Division provides a quarterly report of all land acquisitions. Additionally, a Status report of all the Divisions' projects is provided which includes a land acquisition report (Five Year Priority List) tracking the five-year plan.

OPPAGA Comment:

The example the district refers to in (a) is an example of district practice before the 1997 internal audit. Agenda items for the school board should include the information needed for the school board to make its decision. In regard to the example referred to in (b), staff presented some information in the July 14, 1999, agenda item but did not include any information on costs to prepare the site so that it would be suitable for construction. Board minutes indicate that the board discussed "the cost of developing the land." However, at that point the district had not yet conducted studies to determine the likely costs. Information on the likely costs was presented in a board agenda item on February 14, 2001. In addition, the board agenda item did not disclose that 22.80 acres of the 60 acres—38% of the total area—would need to be used for drainage and mitigation. This would leave approximately 37 acres for the school site while the minimum required for a high school is 40 acres. The district had to seek a variance from the Department of Education to use this site for a high school.

In interviews with OPPAGA staff, school district staff indicated that it is standard practice to not provide written estimates of mitigation or site improvement cost estimates at the time the school board determines whether to purchase a school site. This is consistent with our review of board agenda items. Agenda items often do not disclose the costs of mitigation and site improvement. The agenda items do mention when the district receives mitigation fee exemptions.

The district's response indicates that there are no known instances in which the 1997 Internal Audit recommendations have not been fully implemented. After receipt of the audit report, the district created new draft procedures for the land acquisition process and developed a 22-item checklist based on the State Requirements for Educational Facilities (SREF) to be used when land is acquired. In December 2000, these procedures were still marked draft and our review of the land acquisition files noted that the district had not consistently used the checklist developed to guide the land acquisition process.

CURRENT LAND ACQUISITION PRACTICES

Staff has reviewed OPPAGA's Special Review dated April 5, 2001, dealing specifically with land acquisition, and has prepared the following responses. The following comments outline those steps which have been implemented.

OPPAGA Observations:

"Some projects are not supported by needs assessment"; "Broad-based facility planning committee needed"; and "The district's land acquisition office frequently does not acquire the land it needs because it often does not use the five-year construction plan to guide its acquisition.
Pages 7 and 8 of the *Review* and pages 6 and 7 of the *Presentation* Long-range planning):

M-DCPS Response:

Staff has taken the time to meet with each Region Superintendent in an effort to reconcile their Region's needs and priorities over the next 5-year period with the 5-Year Work Program (WP). This is true for new schools and for expansions to existing schools in the more urbanized regions (II and IV). Although we recognize that there should not be major changes in the WP from year to year, development patterns in the county still require some yearly adjustment in site selection and acquisition efforts, as well as (re)prioritization.

Staff has recommended that this planning effort be formalized and undertaken yearly with the six regions to ensure that their needs are met as best as possible. The annual planning process described above could be facilitated by the proposed new Site and Construction Planning Committee (an expanded version of the Site Selection Committee), which will have broad community representation, including private citizens from each Region.

OPPAGA Observations:

"The district does not have an effective process to establish the market value of the land"; "the district discloses information that weakens its negotiating position with landowners"; and "the district has not exercised effective oversight of the land acquisition office."
Pages 12, 13 and 14 of the *Review* and pages 9 of the *Presentation:*

M-DCPS Response:

Whenever discrepancies in appraisals are noted, our practice will be to request a review by a different appraiser, whose task will be to specifically address potential deficiencies or errors in the subject appraisals.

Additionally, as to the comment concerning disclosure of discarded appraisal information to potential sellers, such is not the practice in the district. Appraisal information is in essence classified information, which is protected by state statute from the requirements of public disclosure during the negotiating stage, precisely to ensure that a public entity, such as a school district, retains as much control and leverage as possible, and that expenditure of public funds is accomplished appropriately.

OPPAGA Observations:

"Incomplete information for board decisions regarding land purchases"; and "lack of functional integration with other units".
Page 15 of the *Review* and page 10 of the *Presentation:*

M-DCPS Response:

Relative to the concerns raised over lack of disclosure of all pertinent facts to the Board as well as "lack of accountability", it should be noted that the newly approved site identification and acquisition process provides not only for full disclosure of the staff's research and findings, but builds in a monitoring system, complete with quarterly updates. The process is further enhanced by the activation of a broad-based Site and Construction Planning Committee (SCPC), formerly the Site Selection Committee, to oversee these activities; this committee will operate in the sunshine, which can only strengthen the transparency of the new procedures.

In addition to the above, OPPAGA expresses concern over "frequent transfers of the land acquisition unit" and "lack of integration with other construction offices". The District will continue to stabilize the unit. Closer ties have been established between the land acquisition unit and the construction and capital facilities unit; this in turn has created a climate of cooperation and a venue for troubleshooting and resolving issues of mutual concern.

OPPAGA Observation:
"The district's land acquisition office frequently does not acquire the land it needs because it often does not use the five-year construction plan to guide its acquisitions."
Page 8 of the *Review* and page 12 of the *Presentation:*

M-DCPS Response:

Needless to say, there is no magic formula that can help to precisely determine when the site identification and selection process should begin. The Miami-Dade School District is presently behind schedule vis-à-vis the land acquisition needs and priorities contained in the 5-year WP.

In general, land acquisition efforts should start at least one calendar year prior to the beginning of the fiscal year in which a proposed new school is funded. Where raw land in rapidly developing areas rather than urban infill or developed land is needed, site identification and selection should start anywhere from two to three calendar years prior to the beginning of the fiscal year in which a proposed new school is funded.

Perhaps, just as or more important than when the process of site identification is started, is how it is followed up on and concluded. Current procedures ensure not only that the process is started like clockwork, but also that it is kept on track m accordance with clearly established milestones. Each staff member has been assigned responsibility for specific site acquisition projects, from beginning to end. Weekly staff meetings are held with the land acquisition team, so that information can be shared and progress reports can be made.

OPPAGA Observations:

"Developers are asked for contributions in addition to school impact fees."
Page 26 of the *Review* and page 24 of the *Presentation:*

M-DCPS Response:

OPPAGA raises concerns over the District's long-standing practice of accepting contributions from residential developers, which are over and above the county-prescribed educational facilities impact fees, in connection with applications for intensification of residential density through either a rezoning or a special exception use process. The procedures, established in 1997, provide for an in-house mechanism (Management Team) to review and ascertain development impacts on affected schools. The procedures and Management Team review are not triggered for residential development allowed by right.

It would be accurate to say that some members of the development community object in principle to this additional layer of jurisdictional review, and feel, perhaps deservedly so, that the process is not strictly a voluntary one, since the School District will express its concerns or opposition to a development if additional mitigation for school impacts is not proffered. There is no question that a review and revision of the educational facilities impact fee to make it more commensurate with the true impact of additional development on the public school system would be preferable to the present system. First, it would create a level playing field for all developers and allow them to calculate up-front their development's soft and hard costs; second, it would eliminate the need for District involvement in zoning issues over which it admittedly has no control; and third, it would restore the District's good standing with the local land use, zoning and development communities.

The District has taken OPPAGA's comments under advisement and will consider and discuss other possible options for dealing with the impacts of additional development on the public school system.
Pages 28 and 29 of the *Review* and pages 25 through 27 of the *Presentation:*

OPPAGA Observation:

Integrate land acquisition function into the facility planning and construction practices.

M-DCPS Response:

As noted above, the newly adopted procedures provide for interaction and feedback between the land acquisition staff and the capital facilities (construction) staff; the activation of the Site and Construction Planning Committee (SCPC) as the umbrella advisory body, through which site and construction planning will be filtered, will further ensure that site planning and construction activities are fully integrated.

OPPAGA Observation:

Institute a policy that requires an appraisal review when appraisals are divergent.

M-DCPS Response:

As noted above, when divergent appraisals are received, the current standard procedure is to commission a review of the subject appraisals by a third party (appraiser). As also noted above, can be easily incorporated into the newly approved site selection process to prevent confusion or deviations.

OPPAGA Observation:

Provide full information to the Board for potential land purchases.

M-DCPS Response:

As noted above, the newly approved site selection process requires that staff undertake and complete a number of specific activities, leading up to the eventual selection of the most appropriate site. As the work ensues, it creates a paper trail, the composite of which becomes the record for that particular site search. All gathered information will be fully disclosed to the board, and placed on record for public inspection. Thus, the potential for lack of disclose is completely eliminated.

OPPAGA Observation:

Develop and set appropriate standard for land acquisition.

M-DCPS Response:

As discussed above, the newly adopted site selection and acquisition process provides clear direction for all those involved with land acquisition, on what needs to be done, by whom, and in what timespan.

OPPAGA Observation:

Establish a more broad-based approach to planning.

M-DCPS Response:

The recommendation to utilize the Site and Construction Planning Committee as a venue for site and construction planning, as well as to facilitate annual planning meetings with the various stakeholders in a workshop setting, addresses this recommendation in a practical and immediately doable way.

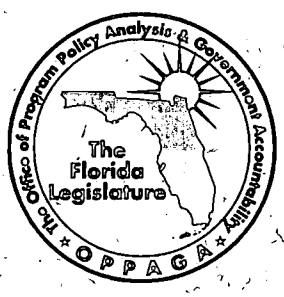
OBSERVATION AND RESPONSE TO THE CONSTRUCTION PROGRAM

OPPAGA Observation

The district builds cost-effective schools. Change orders amount to 3.5% of the volume of new construction and about 8.3% of renovation projects. These figures compare favorably with generally accepted ranges of 3% - 5% for new construction and 10% - 15% for renovations.

M-DCPS Response

The district welcomes this observation and recognizes that there is always room for improvement. The Superintendent will continue to demand continuous quality improvement within the construction program.



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